

Herald Tribune

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Broncos Top
The Steelers
By 24-21

Elvis Presley
Into the Super Bowl

U.S. Reacts Quickly to Threat by Saddam

Any Ban on Inspectors Is a 'Clear and Serious Violation,' Clinton Says

By Brian Knowlton
International Herald Tribune

WASHINGTON — Reacting quickly to a new challenge from Iraq, President Bill Clinton said Monday that its threat to bar an American-led inspection team, if carried out Tuesday, would be a "clear and serious violation" of United Nations requirements.

Nizar Hamdoun, the chief Iraqi delegate to the United Nations, said in New York that the team headed by Scott Ritter had "too many U.S. nationals" — 9 of the 16 team members — and would not be allowed to work until it was "recomposed to ensure balance."

Other inspection teams were not affected.

Mr. Clinton said that "the United States had nothing whatever to do with selecting this team."

The inspectors, he said, were chosen for their expertise by the UN Special Commission, which has responsibility for inspecting for weapons of mass destruction in Iraq.

James Rubin, the State Department spokesman, said earlier that American officials were awaiting a full report from UN officials in Iraq, and that no inspections were barred Monday.

Should inspections by Mr. Ritter's team be barred Tuesday, however, Iraq "would be flouting UN resolutions" that call for Iraq to give UN inspectors "full and unfettered access to all sites," Mr. Rubin said.

A U.S. National Security Council official said separately that the Clinton administration would take the matter up with the UN Security Council before pursuing other action.

The United States has repeatedly said that it will not rule out punitive military strikes against Iraq, and a spokesman for Mr. Clinton said Monday that the United States maintained a "very significant force" in the region.

Mr. Hamdoun said there had been no decision to expel Mr. Ritter or any other American, leaving the new confrontation a notch below the drama of November, after President Saddam Hussein ordered all American inspectors to leave on the grounds they were spies.

But the refusal to allow Mr. Ritter's team to carry out its UN-mandated work demonstrated that a Russian-brokered solution to the earlier crisis had not brought a final end to the dispute, and that the United States again faces thorny choices.

Iraq appears determined to test U.S. resolve to the maximum, knowing that three of the UN Security Council's five permanent members — China, France and Russia — steadfastly oppose the use of force, Britain has sided with the United States.

There was no immediate word Monday whether the council, this month under French chairmanship, might meet to discuss the issue.

The UN secretary-general, Kofi Annan, sought Monday to cool the latest tensions. He called on Iraq to avoid any "precipitous" action and described the new Iraqi stance as merely "the first hiccup," encountered since the earlier crisis was resolved.

Other UN inspection teams will continue their work, Mr. Annan said.

The secretary-general was to meet Monday at the UN with Richard Butler, the chief UN weapons inspector, to discuss the situation. Mr. Butler was scheduled to return to Iraq next Monday. "I

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Residents of a village in Algeria weeping Monday for relatives killed in a massacre over the weekend.

In Algeria, the Horror Mounts

France and Other Nations Resist Pressure to Intervene

By Anne Swardson
Washington Post Service

PARIS — The slaughter in Algeria continues unabated as more than 100 people were killed in a small village south of Algiers, according to witnesses interviewed on French television and press reports Monday.

As always, the killers were said to be Islamic militants. Since the holy month of Ramadan began Dec. 30, more than 1,000 civilians have been killed. In almost seven years of Islamic insurgency, more than 65,000 people are said to have died.

Unlike some of the previous massacres, this one was acknowledged by the Algerian security forces in nearly the same numbers as reported in Algerian newspapers and on French television. The official press agency APS

said 103 people had been killed and 70 wounded. Other reports indicated that more than 120 people had died.

An envoy from the Arab League arrived in Algiers on Monday to carry a message of "solidarity" to President Liamine Zouari, and Canada is sending a senior diplomat shortly. The European Union plans a preliminary mission within the next two weeks, but has not established how far it wants to go or the extent to which the Algerian government will cooperate.

As always, details of the killers and the circumstances were sketchy. Many people were killed when a bomb exploded inside a room where a large group was watching a video. As survivors emerged into the open air, they were hacked to death with swords and axes by assailants waiting outside. Others were shot or had their throats

cut. As usual, women and children were among the victims.

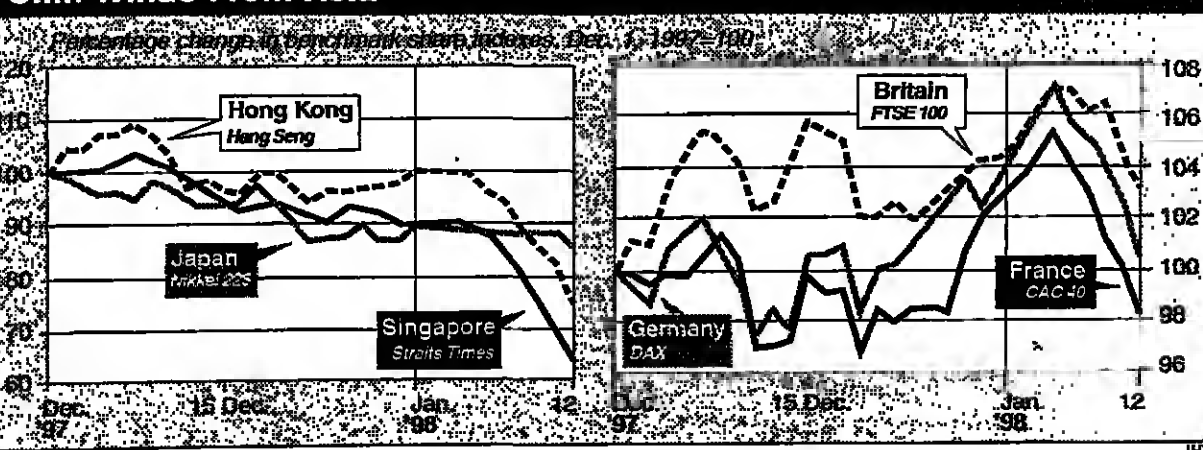
A dispatch from the village, Sidi Hammed, by Agence France-Presse said pools of blood had formed in the streets. Homes were gutted, and the walls of some of the huts were splattered with flesh and bone. A few members of the village's self-defense group, armed with weapons distributed by the government, attempted to hold off the attackers, to no avail.

"They attacked several places at the same time, and we could hear screams and shooting," an older woman said in an interview with Agence France-Presse. "Look, on the other side of the road you can see where they shot people and cut their throats."

Others were killed in the village of

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Chill Winds From Asia



Source: Bloomberg

Suharto Vows to Step Up Economic Reform, IMF Says

By Michael Richardson
International Herald Tribune

SINGAPORE — President Suharto of Indonesia, under mounting international and domestic pressure to put into effect painful austerity measures or resign, agreed Monday to strengthen and accelerate the country's reform program, the International Monetary Fund said.

Mr. Suharto is to announce a series of steps Thursday that U.S. officials said would prove he is committed to the reforms mandated as part of the bailout engineered by the IMF.

The reforms are intended to revive investor confidence in the world's fourth-most-populous nation and end a financial crisis that is shaking global markets.

Stanley Fischer, the IMF's first deputy managing director, said Mr. Suharto had assured him during a 90-minute meeting that he supported the program.

"The president was very, very clear in his determination to stay with the program and to strengthen it and to accelerate it," Mr. Fischer said. "There was no ambiguity in what he said."

Diplomats and analysts said that if that assurance were translated into action, it could be an important step toward re-establishing stability in Indonesia and putting in place a debt-management program similar to one that promises to hasten recovery in South Korea. The main stock index in Jakarta rose 2 percent.

The U.S. deputy Treasury secretary, Lawrence Summers, who arrived in Jakarta on Monday, is to meet Mr. Suharto on Tuesday to add weight to in-

ternational demands for Indonesia to carry out reforms agreed in October in exchange for \$43 billion in emergency loans.

[Mr. Summers said he would "urge that sound policies be taken that promote confidence and stability" when he meets with Mr. Suharto, Bloomberg News reported.]

He also outlined areas where he said Indonesia had fallen short of meeting the requirements for access to the aid package — including governance, the banking system, and monetary and fiscal policies — in talks Monday with Finance Minister Mar'ie Mohammed and the governor of the central bank, Sudrajat Jiwandono.

Defense Secretary William Cohen will arrive in

Major Bankruptcy In Hong Kong Hits Asian Markets Hard

Dow Rebounds After a Shock

By Thomas Crampton
International Herald Tribune

TAIPEI — Stock markets and currencies around Asia took a dramatic dive to new lows on Monday — pushing down shares across Europe and shaking Wall Street — as one of Asia's largest investment banks, Peregrine Investments Holdings Ltd., went into liquidation.

The Hong Kong stock index shed as much as 11 percent after news of Peregrine's demise, touching off a regional stock selling spree that brought down share prices in Tokyo, Taipei, Singapore, Kuala Lumpur and Sydney.

By the end of the day, Hong Kong stocks marginally recovered to close down 8.70 percent, at 8,121.62.

The Hang Seng index has lost almost a quarter of its value since the start of this year and more than half its value since the market peaked five months ago.

The downfall of Peregrine, triggered by a huge nonperforming loan to an Indonesian company connected to the Suharto family, marks the first major bankruptcy in Hong Kong since the former British colony returned to Chinese rule.

The stock market got the message Monday: Hong Kong's currency may survive the Asian crisis with its peg to the U.S. dollar intact, but there will be a price to pay for companies exposed to the rest of the region. Those firms that profited most by concentrating on Asian business, such as Peregrine, now have the most to lose.

The market plunge, which swept from Asia to Europe and briefly to Wall Street, came even as top officials from the United States and the International Monetary Fund began efforts to calm the region's economic panic.

In New York, the Dow Jones industrial average plunged 137 points just after the opening on fears that Asia's corporate profits, The Associated Press reported. But that early decline, which extended Friday's 222-point slide and pushed the

See MARKETS, Page 10

Asia Rescue Faces Rising Opposition

The Clinton administration is facing growing opposition in Congress over its plan to bail out Asian countries by funneling billions of dollars through the International Monetary Fund, Page 10.

The Dollar			
	Monday, 11 A.M.	previous close	
New York	1.8225	1.8229	
DM	1.6215	1.6127	
Pound	1.5275	1.5275	
Yen	6.103	6.099	

The Downfall Of Peregrine: A Huge Loan to Wheeler-Dealer

By Keith B. Richburg
Washington Post Service

HONG KONG — Peregrine Investments Holdings Ltd., Asia's leading homegrown investment bank, with 1,700 employees, announced Monday that it was filing for liquidation, making it the latest casualty of Southeast Asia's economic meltdown.

The collapse of the Hong Kong investment house was the first major bankruptcy in Hong Kong since the territory reverted to Chinese rule last July.

Peregrine fell victim to a single massive bad loan in Indonesia, and it was undone by the very practices it came to personify — highly risky ventures, questionable partners and reliance on personal, often political, connections.

Hong Kong stocks plummeted in anticipation of Peregrine's demise, with the Hang Seng index dropping 8.7 percent. In November, Peregrine announced that it had reached a deal with Zurich Group of Switzerland to take a 24.1 percent stake in Peregrine in exchange for \$200 million, an injection of funds that would have amounted to a rescue. Late last week, however, that deal fell apart as the depth of Peregrine's problems became apparent.

The story of Peregrine — its creation just a decade ago as an upstart brokerage house, its dramatic growth riding on Asia's economic boom, and its equally dramatic collapse Monday — in many ways stands as a metaphor for Southeast Asia's own breathtaking rise from poverty and its precipitous fall from prosperity.

In Peregrine's case, the collapse involves a highly suspect bond issue, a high-flying young debt merchant, a Jakarta businessman with big dreams and a smooth tongue, and a key member of Indonesia's powerful first family.

At the center of the drama are Peregrine's two co-founders: Philip Tose, a lanky former race-car driver, and Francis Leung, who later became known as "the father of red chips" for floating mainland Chinese stocks on the local market. They formed the firm 1988 with \$38 million in seed money from some of the territory's wealthiest tycoons.

Also close to the center of the bank's collapse is Siti Hardijanti Rukmana, known as "Tutu," the eldest daughter of President Suharto of Indonesia and a

See PEREGRINE, Page 10

U.S. Offers Baltic Nations Long-Term Help on NATO

By Steven Erlanger
New York Times Service

WASHINGTON — The United States and Estonia, Latvia and Lithuania will sign a formal charter Friday that explicitly supports efforts by the three Baltic countries to become members of NATO, according to U.S. officials.

Newstand Prices			
Bahrain	1,000 BD	Malta	55 c
Cyprus	£ 1.00	Nigeria	12500 Naira
Denmark	14.00 DKK	Oman	1,250 QR
Ireland	12.00 FM	Qatar	10.00 QR
Israel	£ 0.85	Port. Island	IR £ 1.00
Great Britain	£ 0.90	Saudi Arabia	10 SR
Egypt	£ 5.50	S. Africa	R12 + VAT
Jordan	1,250 JD	U.A.E.	10.00 DH
Kenya	K Sh 180	U.S. MIL (Eur.)	\$ 1.20
Luxembourg	700 Fils	Zimbabwe	Zim \$40.00

For the Clinton administration, this public display of commitment to date the most formal demonstration to date that America's plans for Europe's future

See NATO, Page 6

AGENDA

Britain and Ireland Propose Ulster Pact

Britain and Ireland unveiled Monday far-reaching proposals for ending years of strife in Northern Ireland.

They proposed a new intergovernmental pact, an elected Northern Ireland assembly and an all-Ireland ministerial council.

The proposals also envisage changes to the Irish republic's con-

stitutional claims over Northern Ireland and to the legislation by which London rules the province.

"It is a road map to agreement," the Irish foreign minister, David Andrews, said after the proposals received a cautious welcome from the main Protestant and Catholic political parties. Page 7.



Super Bowl Matches Packers vs. Broncos

The Green Bay Packers advanced to their second straight Super Bowl with a 23-10 victory over the 49ers in San Francisco. They will face the Denver Broncos, 24-21 winners over the Steelers in Pittsburgh, in San Diego on Jan. 25. Page 18.

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The IHT online: www.ihonline.com

Place Your (\$200,000) Bets! Las Vegas Casinos Stake Out the High Rollers

By Brett Pulley
New York Times Service

LAS VEGAS — It was past midnight at the Mirage Casino and Resort, and the actor Bruce Willis was sitting at a blackjack table, an unlit cigar between his teeth, drinking watermelon juice made especially for him and wagering more than \$200,000 an hour. With \$8,000 riding on one hand, Mr. Willis was dealt an ace and a 10. He slapped the winning cards down on the felt table. "Look what I got," he bragged.

Relishing a lucky streak and a stack of more than \$50,000 in winnings in front of him, Mr. Willis looked over at a group of friends at another reserved blackjack table, drinking complimentary \$275 bottles of Louis Roederer champagne and betting thousands of dollars each hand.

Celebrating his good fortune, the movie star thrust his arms above his head, like a referee signaling a touchdown.

"Fran, give me a kiss," Mr. Willis said to his dealer, a friendly woman in

her 40s who blushed and obliged, blowing a kiss.

With the competition for wealthy, high-stakes gamblers increasing, casino operators like nothing better than to see some of their top customers, like Mr. Willis, the basketball star Dennis Rodman and the Australian media mogul Kerry Packer, wagering huge sums of money and having a good time doing it.

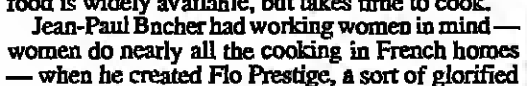
These men are members of an elite, a growing group of the highest of high rollers who once belonged exclusively to a handful of casinos but who are now being heavily recruited by casinos across the United States and around the world.

Although the spread of casinos has made gambling more accessible to average Americans and prompted companies to expand their use of slot machines, their buffet dinners and their theme-park-style attractions to lure middle-income customers, casinos are nevertheless spending more time and

See VEGAS, Page 10

In Paris, Takeout Is the Order of the Day

Even now, takeout food is principally confined to large cities and to younger eaters. As recently as two years ago, according to surveys, 60 percent of



impatient, Mrs. Saurat said. "It used to be lunch, but now it's the evening meal that counts the most. I do it, too. I'm here working for lunch."

Business Air Fares Up, Calls for Remedy Grow

hy, among others, Senator John Mc-

greater on small companies. John Galbraith, president of Twin Advertising, a small company based in Rochester that had \$2 million in billings last year, said he was thinking about dropping clients outside the city because the high cost of

Montrealers Are Sent to Shelters

<i>Japan</i>	858000784178	<i>Netherlands</i>	0602220657	<i>NZ</i>
<i>Mexico</i>	050112532	<i>Singapore</i>	8001202501	<i>S.A.</i>
<i>Portugal</i>	900831007	<i>Sweden</i>	020793158	<i>Sw</i>
<i>Spain</i>	00100119215512	<i>USA</i>	80044157	<i>UK</i>

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TRAVEL UPDATE

Heavy Snow Covers Middle East

Cameroon	0800902248	Greece	080019123013	Germany	0130826688
France	0800967299	India	1771606182	Italy	1677075928
Hong Kong	0031126809	Korea	0038110243	Luxembourg	080004552
Japan	9380007614717	Malaysia	0060220857	New Zealand	08000441880
Norway	080112832	Singapore	8001202801	Switzerland	0800096337
Portugal	0035112832	Sweden	029793158	Switzerland	0800887213
Spain	900983707	USA	800-458-7474	UK	0800066672
Thailand	001400404315632				

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Polish public transport unions ended a six-day pay strike Monday that had paralyzed the city of Poznan. Union officials said, however, that they would continue with other less-disruptive forms of protest. (Reuters)

Belgrade motorists wound up in huge jams Monday as the city transport monopoly went on strike for immediate payment of overdue December wages. (Reuters)

Europe	Today		To
	High	Low W	

Western	7444	2657	a	7444
Zurich	8446	8463	pc	8446
Middle East				
Abu Dhabi	1966	1050	pc	1766
Bahrain	1263	6463	sh	1563
Cairo	1661	8466	pc	1661
Damascus	8468	2223	pc	1168
Jerusalem	8465	1634	pc	1165
Luxembourg	1965	1265	a	1965

WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.



Maps, forecasts and data provided by AccuWeather, Inc. ©1996 • <http://www.accuweather.com>

North America

	Today		Tomorrow			Today		Tomorrow	
	High C/F	Low/W C/F	High C/F	Low/W C/F		High C/F	Low/W C/F	High C/F	Low/W C/F
Anchorage	-11/13	-19/0 s	-1/07	-18/4 pc		-1/07	-20/3 c	-3/27	-9/16
Atlanta	17/32	14/24	14/24	8/23 s	Minneapolis	-1/01	-20/3 s	-3/27	-9/16
Boston	8/44	3/27 s	2/35	-3/23 s	Montreal	-1/01	-20/3 s	-3/27	-9/16

	Today	Tomorrow
Asia		

	High C/F	Low/W C/F	High C/F	Low/W C/F
Almory	1/54	-8/18 pc	4/39	-8/18 pc
Bail	33/91	23/71 pc	33/91	22/71 pc
Bangkok	34/93	23/71 pc	33/89	22/71 pc
Belgee	2/35	-4/25 an	-4/25	-8/18 an
Bombay	30/88	18/84 s	30/88	18/84 s
Cebu	27/80	14/57 s	25/77	12/55 s
Chang Mai	32/89	12/63 s	29/84	11/52 s
Colombo	31/86	22/71 pc	30/86	22/71 pc
Hanoi	24/79	21/70 pc	25/72	12/69 s

Algiers	21/70	8/48 s	14/57	3/37 sh
Capo Town	19/68	9/48 s	24/75	15/89 s
Casablanca	18/61	8/43 pc	14/57	8/48 s
Histoire	27/80	14/57 pc	24/75	8/48 r
Lagos	32/89	23/73 s	32/89	23/73 s
Nairobi	23/71	18/84 r	23/71	18/81 r
Tunis	19/66	10/50 s	14/57	8/48 r

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FRANCE	FF	520	50%
GERMANY	DEM	184	50%
GREAT BRITAIN	£	42	50%
HONG KONG	HK\$	728	50%
ITALY	ITL	143,800	50%
JAPAN	¥	26,000	50%
MALAYSIA	RM	182	50%
NETHERLANDS	fl.	102	50%
NORWAY	NOK	832	50%
SINGAPORE	S\$	161	50%
SPAIN	PTAS	11,700	50%
SWEDEN	S	350	50%
SWITZERLAND	CHF	166	50%
USA	\$	72	45%

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THE AMERICAS

FBI Warns Companies To Beware of Espionage

Foreign Countries (Friends and Foes Alike) Have Increased Industrial Spying, It Says

By Jack Nelson
Los Angeles Times

WASHINGTON — Despite passage of the 1996 Economic Espionage Act, the FBI says foreign spies have stepped up their attacks on U.S.-based companies, and a national survey estimates that intellectual-property losses from foreign and domestic espionage may have exceeded \$300 billion in 1997 alone.

Governments of at least 23 countries, ranging from Germany to China, are targeting American companies, according to the FBI.

Urging U.S. companies to notify the FBI if they suspect espionage, Larry Torrence, deputy assistant director of national security, said, "The odds are not favorable for any American company when they are targeted for clandestine action by some country's intelligence service."

More than 1,100 documented incidents of economic espionage and an additional 550 suspected incidents that could not be fully documented were reported last year by major companies in a survey conducted by the American Society for Industrial Security. The Los Angeles Times obtained results of the survey, which is scheduled to be released Wednesday.

The society's periodic surveys, which the FBI Director, Louis Freeh, has cited in congressional testimony, provide the federal government with its only estimate of potential damage from economic espionage.

The 1997 survey disclosed that high-tech companies, especially in California's Silicon Valley, were the most frequent targets of foreign spies, followed by companies in manufacturing and the service industries.

Among the spies' most sought-after information were research and development strategies, manufacturing and marketing plans and customer lists.

As a matter of policy, the FBI does not identify governments that sponsor economic espionage. But in a recent article in an academic journal, an FBI agent who works in the field named some of the countries and provided a rare look into commercial spying by foreign intelligence services.

France, Germany, Israel, China, Russia and South Korea were named as major offenders in the article by Edwin Fraumann, a New York-based FBI agent who teaches at John Jay College of Criminal Justice.

His article appeared in Public Administration Review, published by the American Society for Public Administration.

Mr. Fraumann and intelligence sources say China has accelerated its efforts to penetrate the security of U.S. companies. In fact, China was involved in one of the relatively few cases the FBI has brought so far under the 1996 Economic Espionage Act, which makes theft of proprietary economic information a felony punishable by a \$10 million fine and 15-year prison sentence.

Harold Worden, 56, a retired Eastman Kodak Co. manager, pleaded guilty in November to charges of stealing formulas, drawings and blueprints from Kodak and passing them along to China. He agreed to cooperate in a continuing investigation.

A U.S. District Court judge, Michael Telesca, in sentencing him to a year in prison under a plea bargain negotiated by prosecutors, denounced Mr. Worden for providing trade secrets to "not just any foreign national, but China," a longtime U.S. adversary with a bad human-rights record.

The FBI confirmed information in Mr. Fraumann's report that it is investigating more than 700 cases involving economic espionage by foreign entities. It said economic spying by countries considered friends as well as adversaries of the United States had been increasing.

French intelligence, according to Mr. Fraumann, has spied on U.S. companies by wiretapping U.S. businessmen flying on Air France between New York and Paris. France has also used such clandestine methods as surveillance of business personnel and communications inside France, including telephone conversations and faxes. Air France has denied any involvement in bugging activities on its planes.

U.S. intelligence sources have engaged in commercial espionage — with decidedly mixed results.

As recently as 1995, five Americans — four of them CIA agents — were expelled from France after being accused of economic spying against the French government. U.S. sources said the bungled operation forced the CIA to temporarily suspend virtually all of its operations in France. In addition, sources said, it made U.S. intelligence agencies much more conservative in their overall approach to commercial espionage.



Fidel Castro, the Cuban leader, being saluted by scouts as he cast his ballot in El Cobre.

Castro Hails Show Of Voters' Support

He Sees Cuba's Identity as Stable

Reuters

HAVANA — President Fidel Castro of Cuba, hailing a big turnout of voters in one-party general elections, said his country was not changing but was reaffirming its communist identity in a predominantly capitalist world.

"It's the world that's changing, not Cuba," the 71-year-old Cuban leader said after casting his vote Sunday in the eastern province of Santiago de Cuba.

The scheduled elections were presented by Mr. Castro's Communist Party government as a show of support and national unity before a visit by Pope John Paul II beginning Jan. 21.

million of the island's 7.8 million voters had cast their ballots in the elections, which offered no choice of candidates and no alternatives to the ruling Communist Party.

Voters were simply asked to endorse two official lists, one of 601 candidates for a National Assembly and another of 1,192 candidates for provincial assemblies.

After voting in Santiago de Cuba province, where he is running for re-election to one of the National Assembly seats, Mr. Castro said that the capitalist world was "in crisis." He cited the economic problems affecting Asia and their repercussions in international stock markets.

Cuba, on the other hand, Mr. Castro said, "is reaffirming its position, its ideals, its objectives."

POLITICAL NOTES

U.S. to Aid Training Of Programmers

WASHINGTON — The Clinton administration is planning a broad federal effort to help train more computer programmers, responding to concerns from economists and business leaders that American companies have a critical shortage of skilled technology workers.

The administration's initiatives, which include millions of dollars in grants to fund educational programs, the creation of a nationwide job bank on the Internet and a campaign to glamorize computer-related professions, come as a survey shows that one in 10 information technology jobs in the United States is unfilled.

The study, conducted for an industry group by Virginia Tech, estimated that 346,000 computer programmer and systems analyst jobs are vacant in U.S. companies with more than 100 employees.

Although rapidly growing computer companies increasingly have had difficulties finding enough workers with cutting-edge skills, the Virginia Tech report indicates that the shortage has spread to many non-

technology companies — including banks, hospitals and retailers — that depend on programmers to design and operate large systems. The widening scope of the issue has prompted the administration to take the unusual step of intervening in a worker-training issue.

The Labor Department plans to announce a \$3 million grant program to fund efforts by schools, businesses and local governments that will provide computer skills to laid-off workers in other industries, an administration official said. The department will also commit itself to speeding \$8 million to create an Internet site where employers can post job openings and workers can post their résumés, the official said.

Clinton Will Weigh Higher Basic Wage

WASHINGTON — At the urging of allies in Congress, President Bill Clinton is considering seeking an increase in the minimum wage, a spokesman said Monday.

technology companies — including banks, hospitals and retailers — that depend on programmers to design and operate large systems. The widening scope of the issue has prompted the administration to take the unusual step of intervening in a worker-training issue.

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Quote/Unquote

President Bill Clinton, testing a major theme that may become part of his State of the Union Address in two weeks: "Are we going to have a higher level of citizenship and a higher level of society, or are we going to be thrown to the winds of chaos and anarchy by having a global marketplace dominate democratic institutions and people?" (WP)

Away From Politics

• A medical helicopter that had just picked up an injured skier crashed in a storm on the way to the hospital, killing the four people aboard. Searchers found the smashed helicopter in Little Cottonwood Canyon, 18 miles (19 kilometers) southeast of Salt Lake City. (AP)

• The District of Columbia is losing millions of dollars a year because vandals have decapitated more than half its parking meters. Only 7,000 of the 15,776 meters in the city work, said the Parking Management Division. The city collected roughly \$1 million a month in parking meter revenue from 1991 to 1995, but revenue dropped to \$800,000 a month in the fiscal year 1996, then to \$400,000 a month in 1997. (NYT)

• A former Secret Service informant is going to trial in Florida on charges he threatened to kill President Bill Clinton. Zsolt Sass, 34, has been in jail since September after his girlfriend told the police he had threatened numerous times to kill the president. (AP)

• A 9-year-old boy died after his parents' truck rolled into a pond at a state wildlife area in Upper Freehold, New Jersey. The police said they believed the boy was left asleep in the truck when his parents left to go fishing. (AP)

Both Sides Try to Short-Circuit Unabomber Trial

By William Glaberson
New York Times Service

SACRAMENTO, California — After a week in which Theodore Kaczynski reduced his trial to chaos, Justice Department officials in Washington considered a new offer by him to try to avoid the death penalty by pleading guilty to Unabomber crimes.

By the week's end, officials opposed to a plea deal had rejected it. The talks, however, showed that both sides were struggling to find a way to

end the case that has become a public spectacle. The review came after a bizarre week when Mr. Kaczynski tried to hang himself with his underwear, and then demanded to represent himself.

The strange events increased pressure on the Justice Department to justify a rigorous and expensive trial in an effort to obtain the death penalty for a defendant whose mental competency is in question. Prosecutors were left to contemplate an unpredictable defendant as his own lawyer.

"There is no glory in this for anybody," said one person involved in the talks. "This is a lose, lose, lose situation for everybody."

Mr. Kaczynski is to undergo court-ordered psychiatric tests this week.

One person at the Justice Department said a sticking point was that Mr. Kaczynski was insisting on retaining the right to appeal certain pretrial rulings by the judge, Garland Burrell Jr. In what was described as a conditional offer, Mr. Kaczynski would accept a sentence that is described by

lawyers as "life in prison without the possibility of release" but retain the right to appeal certain limited issues.

If Mr. Kaczynski eventually won an appeal on rulings such as what evidence could be admitted at the trial, he might be retried or might be freed from federal custody.

Any chance at freedom might be theoretical, because federal courts would be likely to review any bid for freedom meticulously and he might face state murder charges if a federal plea was overturned.

College Freshmen: They're in It for the Money

By Ethan Bronner
New York Times Service

NEW YORK — A survey of college freshmen confirms what professors and administrators said they have been sensing: Students are increasingly disengaged and view higher education less as an opportunity to expand their minds and more as a means to increase their incomes.

The annual nationwide poll by researchers at the University of California at Los Angeles shows that two suggested goals of education — "to be very well off financially" and "to develop a meaningful philosophy of life" — have switched places in the last three decades.

In the survey taken at the start of the fall semester, 74.9 percent of freshmen chose being well off as an essential goal and 40.8 percent chose developing a philosophy.

In 1968, the numbers were reversed, with 40.8 percent selecting financial security and 82.5 percent citing the importance of developing a philosophy.

It is a matter of using education more as a means to an end, rather than valuing what you are learning, said Linda Sax, director of the survey at the Higher Education Research Institute at UCLA. The survey was first taken 32 years ago.

The trend has long been in the making, with students' strong interest in high incomes rising to a plateau in the mid-1980s. But the desire edged down a bit through the 1990s, rising again slightly with this latest survey.

Ms. Sax said the trend took on more significance when added to the fact that incoming students showed unprecedented levels of academic and political disengagement.

The percentage of students who said that during their last year in high school they had been frequently "bored in class" hit a record high of 36 percent, compared with 26.4 percent in 1985, the second year the question was asked.

At the same time, a record 34.5 percent said they had "overslept and missed class," compared with a low

of 18.8 percent in 1968. Despite that, a record high of 39.4 percent said they aspired to obtain a master's degree and 49.7 percent said they expected to earn a B average.

Some professors expressed little surprise when told of the seemingly contradictory mix of boredom and ambition.

"Schooling has become more about training and less about transformation," said Mark Edmundson, a professor of English at the University of Virginia who wrote of the growing consumerist view of education by students in the September issue of Harper's magazine.

"You go there to prepare yourself for the future," Mr. Edmundson said. "To learn a skill, a capacity that you can convert into dollars later on. And being trained is boring. Being educated is not, but that is going on less and less."

The disengagement was also reflected in attitudes toward politics. A record low 26.7 percent of freshmen thought that "keeping up to date with political affairs" was a very important or essential life goal, compared with 29.4 percent in 1996 and a high of 57.8 percent in 1966.

Similarly, an all-time low

13.7 percent said they frequently discussed politics, compared with 16.2 percent last year and a high of 29.9 percent in 1968.

Advocating social activism, which declined in the 1980s and then rose again in the early 1990s, again appears to be on the wane.

The survey, sponsored by the American Council on Education, included 348,465 students at 665 two- and four-year colleges and universities in the United States. The data were statistically adjusted to be representative of the 1.6 million students entering as freshmen last fall.

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ASIA/PACIFIC

A New Gandhi Seeks to Find Her Footing on India's Roiling Political Stage

By Stephen Kinzer
New York Times Service

SRIPERUMBUDUR, India — In a move that her supporters hope will shape Indian politics for years to come, Sonia Gandhi, the widow of one of the assassinated prime ministers and the daughter-in-law of another, has made an emotional entry into public life.

"The time has come when I feel compelled to put aside my personal feelings and step forward," the Italian-born Mrs. Gandhi told tens of thousands of jubilant supporters at a rally Sunday in this southern town where her husband was killed by a suicide bomber in 1991. "My devotion to our country and her people is unwavering and absolute."

Although she did not say that she would seek office herself, the crowd responded to her speech with cries of "Prime Minister Sonia!"

Mrs. Gandhi's decision to join the political fray upset all calculations about the outcome of the national election that is to be held on four successive weekends in February and March. It electrified the long-dominant Congress (I) Party, which her family has run for more than half a century but which has recently suffered humiliating defections and other setbacks.

The speech was also a statement by the Gandhi family that it is determined not to fade from the forefront of politics. There was widespread speculation not only that Mrs. Gandhi would seek the prime minister's job, but also that her daughter, Priyanka, who sat beside her as she spoke, and perhaps her son, Rahul, might run for Parliament.

The Gandhis have been one of the 20th century's most resilient political



Mrs. Gandhi, above, at Sriperumbudur. In New Delhi, women protested price increases and demanded representation in Parliament.

dynasties. They are not related to Mohandas K. Gandhi, founder of modern India, but trace their political lineage to the country's first prime minister, Jawaharlal Nehru, who took office in 1947 and served until his death in 1964.

Mr. Nehru's daughter, Indira Gandhi, became prime minister in 1966 and served, with a two-year interruption, until she was assassinated in 1984 by her Sikh security guards.

Her son Rajiv succeeded her and held office for four years. He was campaigning for a return to power in 1991 when



he was killed in Sriperumbudur. Since Rajiv Gandhi's death, the Congress Party has slowly lost power and influence. Partly as a result of its decline, India has entered a period of political instability, with three governments since the last national election in 1996.

Across India, people at all levels of life speak of their yearning for powerful, charismatic leadership of the kind provided by the Nehru-Gandhi family for much of the country's first 40 years.

But Sonia Gandhi's attempt to revive the family's political fortunes runs

counter to another powerful trend in Indian politics: the spread of splinter parties based on the myriad distinctions of region, language, religion and caste.

The growing power of the splinter parties led in 1996 to the formation of a 14-party coalition government that ruled for 18 months, under two prime ministers, without a parliamentary majority.

The Congress Party, frustrated out of power, eventually toppled the coalition, using accusations that one of the coalition parties, based here in Tamil Nadu state, secretly aided the Tamil rebels from Sri

Lanka who assassinated Rajiv Gandhi. Until Sunday, Congress hoped only to finish a decent second in the coming election and perhaps put together a new coalition. But Mrs. Gandhi's entry onto the stage has set off a wave of euphoria among the party faithful who only a few days ago were consumed with pessimism and recriminations. They believe she will be able to build a coalition of women, young people and the poor that will propel them to victory.

"It is not important that she has never been in government," said S.V. Nageswaran, a Congress leader in southern India who attended the rally Sunday. "People know that her family has always been identified with India. She is popular, she is loved and she will come to power."

Mrs. Gandhi chose Sriperumbudur to make her first political speech because it was here that her husband was assassinated by Tamil militants angered by his efforts to mediate in the war between the Sri Lankan government and Tamil separatists. Before her speech, she and her daughter visited a memorial near the site of the murder, scattering rose petals and jasmine blossoms before his portrait.

From there she was driven a short distance to a sports field behind a high school, where a throng waited under the midday sun. After being introduced as "our beloved leader, the hope of our nation," she read a short speech in English, pausing periodically so it could be translated into Tamil, the principal language in this part of India.

Dressed in a dark green sari, Mrs. Gandhi, 51, spoke clearly and with apparent conviction. "I believe Congress is the only truly national party representing the whole country and all its

people," she said. "Although I am aware of its shortcomings, I am convinced that under the right and able leadership it is the only party with the capability and experience to give India what it needs at this moment."

Mrs. Gandhi, a Roman Catholic, said she is committed to secularism and wants to conciliate this country's many ethnic, religious and social groups.

"We do not want our society to be broken into factions," she said. "We do not want our people to be separated from each other because of caste, religion or region. We prize our diversity."

These comments were oblique attacks on her party's main competitor, the Hindu-oriented Bharatiya Janata Party, known as the BJP. Several prominent figures who joined or supported a BJP-led coalition government that collapsed after 13 days in May 1996 have built their careers on attacking Muslims or other minorities.

Mrs. Gandhi's rivals will probably use her foreign background against her, although she became an Indian citizen in 1986. They have already coined the phrase "Rome Raj" to suggest that she represents foreign efforts to dominate India.

"What is her qualification except that she is the widow of Rajiv Gandhi?" asked Ramakrishna Hegde, a veteran politician who has brought his party into the BJP-led alliance. "She doesn't even come from the Nehru family. What does she know about India and its people?"

"It is too early to assess her as a politician," said Pramod Mahajan, a senior BJP leader. She "is an unopened envelope," he added. "Nobody knows what is written inside."

Islamic Leaders Back Megawati's Bid for Power

Compiled by Our Staff From Dispatches

JAKARTA — Indonesia's two top Islamic leaders voiced support Monday for the opposition leader Megawati Sukarnoputri in her readiness to run for the presidency and said President Suharto should end his 32-year rule.

But neither was optimistic about her chances despite the growing economic turmoil under the 76-year-old leader.

"In our hearts we know Suharto has to be replaced," said Abdurrahman Wahid, the leader of Indonesia's largest Islamic group, Nahdlatul Ulama, which has about 34 million members. "But the problem is there is a difference between our idealism and the realism of the situation."

On Saturday, Mrs. Megawati said she was willing to run for president if no one else was nominated to replace Mr. Suharto.

Mr. Wahid and Amien Rais, head of the 28-million-member Muhammadiyah group, said they saw Mrs. Megawati's announcement more as a solid symbol for political change than a genuine bid for power.

They noted that she is without a recognized political party, without

support in Parliament, and thus blocked constitutionally from becoming president.

Mr. Amien added that Mrs. Megawati "has only a slight chance, as she fights for the presidency from outside the system." The Jakarta Post reported Monday.

Mr. Amien said recently that he was also willing to be nominated for the presidency.

About 90 percent of Indonesia's 202 million people are Muslim, making it the world's most populous Islamic nation.

Mr. Wahid estimated that about 30 million voters supported Mrs. Megawati.

Mr. Suharto, a retired army general, dominates Indonesia's tightly controlled political system.

He came to power in 1967 when he replaced Mrs. Megawati's father, President Sukarno, after his troops crushed a Communist coup attempt.

Mr. Suharto has been nominated by the governing Golkar party for a seventh consecutive five-year term, but has yet to state publicly whether he will run for re-election.

Presidential elections are not conducted by popular vote, but are, de-

scribed by an assembly made up of 500 Suharto government nominees and a 500-member Parliament dominated by Golkar. The Parliament also includes 75 representatives of the powerful military.

Most analysts predict Mr. Suharto will run again. Calls for him to step down are increasing, however, because of a dramatic slump in the Indonesian currency, the rupiah, that is expected to fuel unemployment, slash economic growth and possibly lead to social unrest.

The rush on food in Indonesia, sparked by fears of hyperinflation, generally subdued Monday although prices of basic commodities were higher in most Jakarta markets.

The country's currency crisis sent frantic shoppers into supermarkets and traditional markets for three straight days last week to stock up on essentials such as rice, cooking oil, sugar and flour despite the government's appeal for calm and assurances that it had enough food to feed the people.

Traders said the panic started to subside Monday although prices of most commodities in Jakarta were from 10 to 25 percent higher, in line

with the rupiah's plunge. The government has said it would increase short-term rice imports to 2 million tons from 1.5 million to cope with shortages and also to maintain adequate rice stocks before a festival that marks the end of the Islamic fasting month of Ramadan.

The official Antara news agency reported Monday that a distributor was caught hoarding 356 tons of sugar in East Kalimantan, on the Indonesian part of Borneo.

Antara quoted the province's deputy governor, Suwama, as saying the company's licenses could be revoked.

The chief of armed forces, General Feisal Tanjung, warned Monday that the military would take tough action against hoarders of basic commodities.

"We will sweep out speculators who attempt to hoard the nine basic commodities," General Tanjung was quoted by Antara as saying.

Prices of the commodities, which include rice, sugar, cooking oil, soy beans and salt, are controlled by the state using buffer stocks held by the national logistics agency.

(AP, Reuters, AFP)

In Japan, Blair Gets Apology for the War

TOKYO — In a meeting with Prime Minister Tony Blair of Britain, the prime minister of Japan issued an official apology Monday for his country's actions in World War II. Most British veterans' groups said the apology was not enough.

Prime Minister Ryutaro Hashimoto expressed the government's "deep remorse and heartfelt apology" for the "tremendous damage and suffering" in the war, a Foreign Ministry spokesman said. He also offered trips for veterans and scholarships for their descendants worth \$1.3 million.

The apology's wording was the same as a statement issued in 1995 by Prime Minister Tomichi Murayama, the spokesman said.

The Royal British Legion said it welcomed the "initiatives about reconciliation." But the Japanese Labor Camp Survivors' Association said Japan still sought to "get away without apologizing or offering compensation."

Police used tear gas Monday in Lahore, Pakistan, to disperse thousands of Shiites who tried to ransack buildings in a protest of the massacre of 24 Shiites. (Reuters)

Relief Is Slow in China

BEIJING — Shortages of medicine and food hampered efforts Monday to care for a half-million people left injured or homeless by an earthquake in northern China. The casualty count held steady at 50 dead and 11,440 people hurt, but estimates of damage to homes soared. Disaster relief officials in Hebei said that 103,000 houses had been destroyed. A provincial official said that another 130,000 houses were uninhabitable.

Taiwan Official's Visit To Manila Irks China

MANILA — China delivered a sharp protest to the Philippine government Monday after a surprise visit to Manila by the prime minister of Taiwan. Taiwan said the trip by Prime Minister Vincent Siew was part of efforts to help financially troubled neighbors. Mr. Siew visited the headquarters of the Asian Development Bank, of which Taiwan is a member. Hao Yinbiao, a spokesman for the Chinese Embassy, said Beijing had made a "severe representation" to Manila. The Philippines does not have diplomatic relations with Taiwan.

China Executed 16 Over Muslim Unrest

BEIJING — China has executed 16 people in its restive northwest Muslim region of Xinjiang for murder and robbery during a wave of anti-Chinese violence last year, according to a court official. In Almaty, the former capital of Kazakhstan, a spokesman for a Muslim exile movement said that China had executed 13 Uighur separatists but vowed that their fight for an independent "East Turkestan" would go on. Xinjiang Legal Daily, in an edition seen in Beijing on Monday, said that convictions on death row included a gang of seven who killed 13 people and committed more than 10 robberies to "fan ethnic hatred and create an atmosphere of terror." They "created disorder to split the motherland," the Jan. 2 edition of the newspaper said. Last Feb. 5 separatist Uighur militants rioted in Yining city, an action that was followed by widespread looting. Militants planted bombs on buses in the regional capital of Urumqi three weeks later, coinciding with funeral rites in Beijing for China's paramount leader, Deng Xiaoping. The bombs killed nine people. China executed 20 people from April to July last year for their roles in the Yining riots and the Urumqi bombings. A total of 27 others were jailed for seven years to life. Uighur militants have said that they want an independent state of East Tur-

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China Executes 16 Over Muslim Unrest

BEIJING — China has executed 16 people in its restive northwest Muslim region of Xinjiang for murder and robbery during a wave of anti-Chinese violence last year, according to a court official.

In Almaty, the former capital of Kazakhstan, a spokesman for a Muslim exile movement said that China had executed 13 Uighur separatists but vowed that their fight for an independent "East Turkestan" would go on.

Xinjiang Legal Daily, in an edition seen in Beijing on Monday, said that convictions on death row included a gang of seven who killed 13 people and committed more than 10 robberies to "fan ethnic hatred and create an atmosphere of terror." They "created disorder to split the motherland," the Jan. 2 edition of the newspaper said.

Last Feb. 5 separatist Uighur militants rioted in Yining city, an action that was followed by widespread looting. Militants planted bombs on buses in the regional capital of Urumqi three weeks later, coinciding with funeral rites in Beijing for China's paramount leader, Deng Xiaoping. The bombs killed nine people.

China executed 20 people from April to July last year for their roles in the Yining riots and the Urumqi bombings. A total of 27 others were jailed for seven years to life.

Uighur militants have said that they want an independent state of East Tur-

kestan in Xinjiang, which borders Afghanistan, Pakistan and mostly Muslim countries that were formerly part of the Soviet Union.

The court official said the 16 defendants were put to death on Dec. 29 after a Chinese court in Urumqi convicted them of murder, robbery and drug peddling.

Fewer than half the defendants were Muslims from the Uighur and Hui ethnic minorities, said the official, who declined to be identified.

Earlier this month, Chinese state media said the authorities planned a crackdown on separatist activity and labor strife in Xinjiang with the start of the Islam holy month of Ramadan and the approach of the Chinese New Year.

Uighur militants have said that they want an independent state of East Tur-

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INTERNATIONAL

Israeli Leader Survives A No-Confidence Vote

But 54-54 Tie Reflects a Difficult Situation

Jerusalem — The government of Prime Minister Benjamin Netanyahu survived a parliamentary no-confidence vote Monday, the first since his foreign minister's resignation left it hanging by a thread.

Parliament rejected two no-confidence motions by a vote of 54 to 54, with two abstentions. The motions were brought by the Labor Party and smaller opposition factions. It takes 61 votes in the 120-member Parliament to bring down the government.

Lawmakers inside and outside the government had forecast that the opposition would fail to muster enough votes to topple the coalition led by the right-wing Likud party and force new elections.

In a bitter debate, opposition legislators attacked the government over rising unemployment and the slow pace of peace moves with the Palestinians.

Last week's resignation of David Levy, head of the five-member Geshet party, left the coalition with a 61-to-59 majority in the Knesset. He accused Mr. Netanyahu of not doing enough for working class Israelis and of failing to move forward on peace.

Analysts said that without Mr. Levy, Mr. Netanyahu would be more dependent than ever on right-wing and religious hard-liners and would find it hard to deliver the "significant and credible" handover of West Bank land to Palestinians that the United States has demanded.

When he resigned, Mr. Levy said the government was like a plane on a flight to nowhere. But Amnon Rubinstein, a legislator whose Meretz party co-sponsored the second no-confidence motion, said: "A flight to nowhere has a pilot. The plane takes off. There are a couple of stewardesses and there's a safe landing. This government has none of this."

Past Israeli governments have survived on razor-thin majorities, but given the crisis-laden record of Mr. Netanyahu's 19 months in power, some analysts and politicians have predicted the government's early collapse. Elections are not scheduled until November 2000.

Tehran Denies Plans for a Visit By an American Congressman

Tehran — Iran said Monday that no arrangements had been made for a visit here by Thomas Lantos, a U.S. congressman.

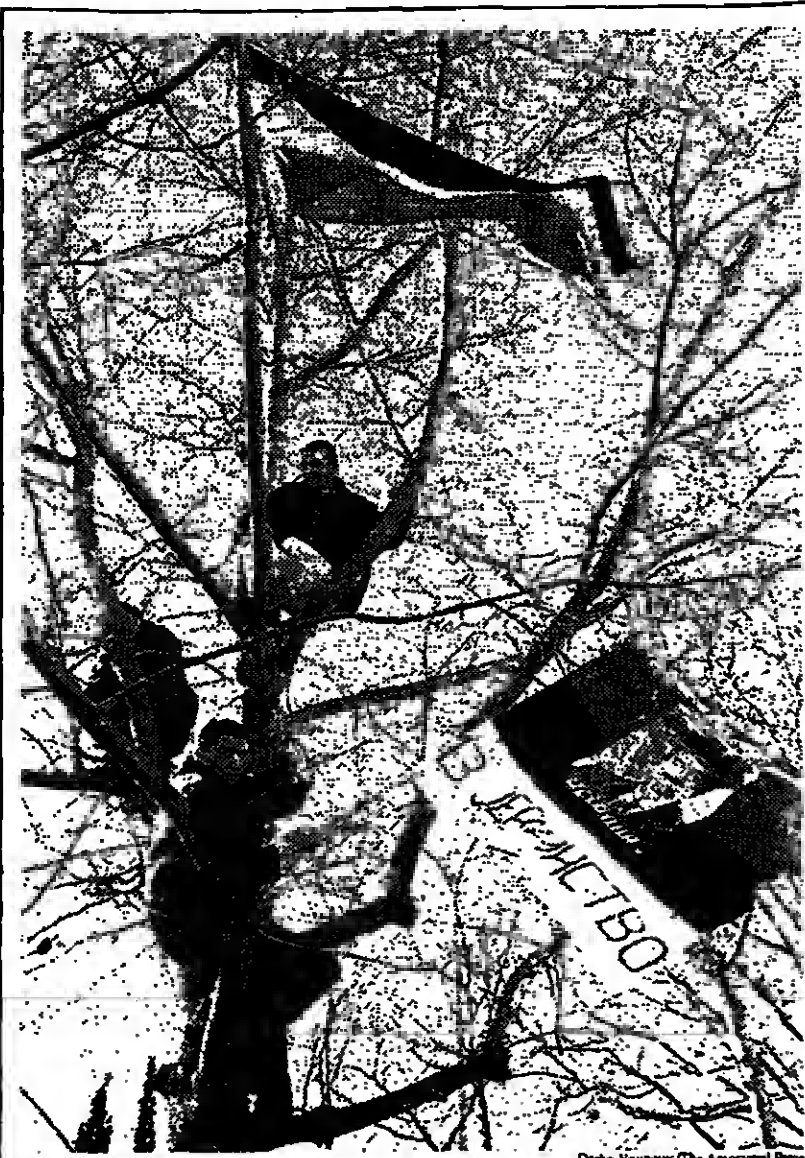
The Foreign Ministry, quoted by the official Iranian press agency IRNA, did not say if it was reacting directly to a renewed offer by Mr. Lantos to visit Iran after the televised address by President Mohammed Khatami to the American people last Wednesday.

Mr. Lantos tested the waters the day after the interview of Mr. Khatami on CNN by writing to Mr. Khatami to renew his offer to visit Iran and discuss the prospect of better relations.

Mr. Lantos had first proposed to visit Iran last month, but the State Department had said it would discourage the visit and Iran had denied at the time any such visit was planned.

"Iran's Foreign Ministry said that no arrangement whatsoever had been made for U.S. Congressman Thomas Lantos to visit Tehran," IRNA said.

"Mahmoud Mohammadi, the ministry's spokesman, denied any agreement between the Iranian government



UP IN THE AIR — Supporters of Momir Bulatovic, who lost the presidency of Montenegro in October, urging the new reformist leader, Milo Djukanovic, to keep close ties with Serbia. A flag read "Unity."

ALGERIA: More Than 100 Are Butchered

Continued from Page 1

Haoouche Sahraoui, reportedly as they were leaving a mosque.

The Islamic insurgency began after the government canceled the second round of elections in early 1992 that the Islamic Salvation Front was poised to win.

But exactly who is doing the killing and why has become a subject of debate. The terrorist wing of the Front has declared a cease-fire with the government.

One theory is that the military allows the violence to continue to alienate the public from the fundamentalists. Another is that the extremist terrorist organization Armed Islamic Group is killing the relatives and allies of Front members.

The various diplomatic factions hope to sort out these confusions, though the government has warned it has little interest in foreigners snoop around on Algerian soil. Some European nations are wary as well. France, the nation's former colonial ruler, is concerned about controlling Islamic terrorism on its own soil.

The French defense minister, Alain Richard, said Monday on France 2 television that France "does not see a reason to internationalize the conflict" in Algeria. "The view of the French government," he added, "is that there are authorities in place in Algeria who, moreover, have made an effort toward some form of democracy."

"We do not propose the sending of 'blue helmet' peacekeepers," he said, referring to the United Nations.

French Deny Running Guns To Hutu in '94

Agence France-Presse

PARIS — France categorically denied Monday a report that it authorized arms exports to Rwanda until May 30, 1994, nearly two months after the start of a genocide there in which as many as 800,000 people were killed.

The deputy spokesman at the Foreign Ministry, Yves Doutriaux, said France had stopped authorizing arms exports to Rwanda even before the United Nations imposed an arms embargo against the Rwandan authorities on May 17, 1994.

Mr. Doutriaux was reacting to the publication Monday of a report in the daily newspaper *Le Figaro* alleging the sale of French weapons after the start of the 1994 bloodbath, in which Hutu extremists killed more than 500,000 Tutsi and moderate Hutu.

Paris denied "most categorically" that French authorities authorized arms exports to Rwanda after Aug. 4, 1993.

The spokesman emphasized that approval of arms deals stopped "before" May 17, 1994, UN Security Council embargo on arms to Rwanda, a decision made by the Security Council on the initiative of France.

Le Figaro quoted sources as saying that President Francois Mitterrand, a Socialist, told aides during the summer of 1994 that "in such countries, genocide is not too important."

The paper said French cooperation with the Hutu regime "continued at least until the end of May, or nearly two months after the start of the extermination and about two weeks after the United Nations vote on an arms embargo."

The newspaper said that "On May 3, 1994, or nearly a month after the start of the genocide, an aircraft transporting arms for the Rwandan armed forces worth \$942,680 landed in Zaire."

The company, Dyt-Invest, then based at Cran-Gevrier, played the role of intermediary to charter this flight, paying \$450,000, with the rest of the payment made by the Rwandan Embassy in Cairo, *Le Figaro* said. At the beginning of May the French arms export company Sofrema "confirmed a \$8,028,000 arms order from the Rwandan Embassy in Paris," the paper said.

The paper said it had evidence that "On July 18, a flight transporting \$753,645 worth of arms landed at Goma in Zaire. The Rwandan Embassy in Paris financed this flight with the sum of \$175,000 and the Rwandan Embassy in Cairo with a sum of \$578,645."

In July 1994, Tutsi rebels of the Rwandan Patriotic Front seized the capital, Kigali, routing Hutu government troops and extremist militia forces.

BRIEFLY

6 Iraqis Implicated In Jordan Attack

AMMAN, Jordan — Six Iraqis, including one with diplomatic status, have been implicated in the attempted assassination Jan. 3 of the Iraqi commercial attaché in Jordan, a senior judicial source said Monday. Four of the Iraqis were arrested on Thursday.

The source said the motives for the attack on Rahim Taher, 45, were "family-related and financial with no political implication."

Mr. Taher was unhurt when fired at from a passing car at his home on Jan. 3. Four of the suspects have been arrested. (AFP)

Hostage Release Seen in Colombia

BOGOTA — Protesting prisoners were to meet local officials at a jail in southwest Colombia on Monday and were expected to release soon 567 visitors they have held hostage for almost 24 hours, prison sources said.

The police said that the hostages, most of them wives of inmates, were not in danger and that many had voluntarily stayed in the San Isidro jail in Popayan, to back their husbands' demands for improvements to jail conditions. (Reuters)

Mobutu Ally Seized

KINSHASA, Congo — A businessman who was a close ally of the ousted Zaire dictator, Mobutu Sese Seko, has been arrested in Kinshasa, family members said on Monday.

Bemba Saolona, head of the business association in the former Zaire, was arrested on Saturday in his house in the capital's Gombe district by a group of soldiers with an arrest warrant and taken to Kinshasa's main prison, they said.

More than 30 Mobutu allies, including directors of state enterprises, have been arrested since Laurent Kabila took power in May. (Reuters)

Mexican Aide Held

MEXICO CITY — The top police official of Chiapas state has been arrested for transporting and delivering weapons to civilians, including a man charged with the recent Actal massacre, the attorney general's office said here Monday. (AFP)

NATO: U.S. and 3 Baltic Nations to Sign Long-Term Charter

Continued from Page 1

NATO allies can be relied on to ensure that Baltic membership in the alliance is put off for the foreseeable future.

Ojars Kalnins, Latvia's ambassador to Washington, sees the charter as "a culmination of the last six years of the extraordinary U.S.-Baltic relationship since independence."

While the Baltic countries would have liked more specifics on NATO membership, he said, they did not expect it.

The charter also establishes some new, concrete institutions: a four-party "partnership commission" of the United States and the Baltic nations, to be led by Deputy Secretary of State Strobe Talbott; individual working groups on economic development to be formed by Washington and each Baltic state, to be led on the American side by Under Secretary of State Stuart Eizenstat, and similar working groups, already established, on defense issues.

This charter, a senior U.S. official said, is intended to give each Baltic nation "a perspective for the future, to reassure them they are not being forgotten and that they have a level playing field for future NATO expansion."

"We want to show them that they are part of the vision and part of the process," the official said.

That vision, he explained, is that of a fully integrated Europe, where the Baltic nations can become members of all European and trans-Atlantic institutions.

The Americans have told the Baltic governments explicitly not to expect to be part of any second round of NATO expansion. Washington would like to see such a round in 1999, assuming that the Senate and the legislatures of other NATO members approve membership for the Poles, Hungarians and Czechs.

Washington has told Baltic leaders that their own eventual membership is a political and moral "litmus test" of the U.S. strategy for a peaceful and democratic Europe, "whole and free."

In the last year, officials of NATO countries say, Moscow has sharply toned down its pressure on and statements about Estonia, Latvia and Lithuania and is concentrating more on regional economic cooperation with all countries on the Baltic Sea.

Moscow originally insisted on a U.S. commitment that the Baltic states would never join NATO. But in his meeting in Helsinki in March 1997 with Mr. Yeltsin, Mr. Clinton refused to rule out Baltic membership. Mr. Yeltsin proved willing to sign a formal agreement of understanding with NATO anyway, breaking the logjam of Russian opposition to the first round of NATO expansion, which was announced in Madrid in July.

The Russians, through Prime Minister Viktor Chornomyrdin in July and Mr. Yeltsin in late October and again last week in Stockholm, have moved to offer the Baltic nations "joint security guarantees" alongside Western and NATO guarantees, so long as the states agree not to join NATO, remaining neutral on the model of Finland.

Russia is also offering normalization of relations and an end to border disputes, including tacit permission, if any were needed, for Baltic countries to join the European Union or any non-NATO organization.

Secretary of State Madeleine Albright has told Foreign Minister Yevgeny Primakov of Russia that Washington and Moscow should simply agree to disagree on the possibility of future Baltic membership in NATO and work together instead on regional economic and environmental cooperation.

OPEN LANDS

Travels Through Russia's Once Forbidden Places

By Mark Taplin. 376 pages. \$29.50. Steerforth.

Reviewed by David Tuller

THROUGHOUT much of this century, the Soviet regime barred Western diplomats and tourists from visiting large swaths of the country. In 1992, the newly independent Russian government signed an agreement with the United States that allowed access to these once-forbidden zones. Mark Taplin, an American diplomat in Moscow during the mid-1980s, seized the opportunity to explore life in the hinterlands, and "Open Lands" is the intermittently illuminating but frequently frustrating record of his journeys.

These obscure regions, Taplin tells

BOOKS

us, sheltered secrets ripe for exposure.

"Everyone knew that out there were thousands upon thousands of prisons, labor camps, rocket silos, testing sites, closed research facilities, tank factories, air bases, and so on," he writes. "There were also plenty of rumors of nuclear tests gone awry, killer chemical spills, ethnic riots.... Was there a truer expression of Russia's past — and its future — in those forbidden places of the Soviet era?"

The seven regions Taplin visits are certainly far enough afield. If the average American would have trouble locating Moscow or St. Petersburg on the map, almost no one would be able to place Vorkuta, a desolate town above the Arctic Circle to which the regime shipped thousands of "enemies of the people." Or Tuva, a semi-autonomous republic near the border with Mongolia.

CHESSE

By Robert Byrne

IN the diagrammed game Alexander Ivanov of Brookline, Massachusetts, beat Ben Finegold of Southfield, Michigan. Finegold chose the Berlin Defense to the Ruy Lopez with 3... Nf6 and with 4... Bc5, which was analyzed as early as 1480. On 6... d4, it would be a terrible positional blunder to give up the center with 6... e2? 7 c3 Bb6 e3 Ne8 9 d5. On 6... Bb6 7 Bg5 h6, it would not accomplish anything special for White to play 8 Bf6 Qf6 9 Bc6 Qc6 10 Ne5 Qe4 11 Nd2 Qf5 12 Ne4 d5.

After 8 Bb4, a subtlety, in which this defense abounds, is that 8... g5? 9 Ne5! Nd9 (9... hg 10 Bg5 d6 11 Bc6 bc 12 de 13 Qd8 Rd8 14 Bf6 wins material for White) 10 Ne3 Ng5 11 Ne5 Ne5 12 Bg5 Qg5 13 f4! yields White a powerful attack. Another, this time winning for Black, is that, on 8... d6 9 Bc6 bc 10 de 11 Qd8 Rd8 12 Ne5 g5 13 Bg5 Ne4 14 Ne5 Bb6 15 Nd8 Rd8 16 Re1 f5! 17 Na3 Rd7 gives Black a terrific attack.

Ivanov's new wrinkle was to play 12 Qe4? without first clarifying the center with 12 de. What was Black supposed

RUUY LOPEZ

White	Black	White	Black
Ivanov	Finegold	Ivanov	Finegold
1 e4	e5	17 Qc6	Rg8
2 Nf3	Nc6	18 e5	Qf5
3 Bb5	Nf8	19 Kf1	Qg6
4 O-O	Bc5	20 Nh4	Qg5
5 c3	O-O	21 Re4	Rae8
6 d4	Bb6	22 Rael	Re5
7 Bg5	h6	23 Re5	de
8 Bf6	Qf6	24 Qe4	f6
9 Bc6	bc	25 Rd1	Bc5
10 Nbd2	Re8	26 Nh5	Qh5
11 Re1	Bg4	27 Rd7	Qf5
12 Qe4	Bf3	28 g3	Qc1
13 Nf3	g5	29 Kf2	Bf2
14 de	gh	30 Kg2	Qb2
15 ef	Qf6	31 Qe2	Qc3
16 h3	Kh8	32 Qe2	Resigns

to do about it? After 12... ed, 13 cd Bf3 14 Nf3 g5! 15 Ng5! hg 16 Bg5 Re6 17 e5 de 18 de Qd4 19 Qd4 Bd4 20 hf6 Bh2 21 rad1 wins for White.

Finegold tried for an attack with 12... Bf3 13 Nf3 g5 14 de gh 15 ef Qf6, intending to answer 16 Qc6 by 16... h3! 17 e5 Qg6 18 Nh4 Qc2! 19 Rf1 Qh2, threatening 20... Bf2! But Ivanov quietly put a crimp in his ambition with 16 h3.

Finegold could not well play 16... e5 because 17 Qc6 Rd8 18 a4 a5 19 Rad1 Re6 20 Rd5 Rd8 21 Rf5 Qe7 22 rf4 not only wins the h4 pawn but also powerfully threatens 23 Nb4 and 24 Nf5.

He was hoping for a mating attack with 17... Rg8, but Ivanov defended efficiently with 18 e5 Qf5 19 Kf1! It would now have done no good to play 19... Qd3 20 Re2 because 20... Rg7? is prohibited by 21 Qa8.

After beating back Finegold's attempts to attack, Ivanov took over the initiative with 25 Rd1. With the simple but effective 28g3, he put everything in order for a final attack. Finegold played 28... Qc1 29 Kg2, and realizing that 29... Qh2 would be met by 30 Ne3! Rg7 31 Rd8 Rg8 32 Rg8 Kg8 33 Qd5, winning a piece, tried the desperate 29... Bf2. After 30 Kf2 Qb2 31 Qe2 Qc3 Qd2, however, he had no real counterplay and gave up.

FINEGOLD/BLACK

Position after 27... Qc5

IRAQ: Saddam Threatens to Bar Inspector

Continued from Page 1

hope the Iraqi authorities will not do anything precipitous and wait for Richard Butler to get there," Mr. Annan said.

The official Iraqi press agency INA quoted an unidentified official spokesman on Monday as saying that the presence of too many American inspectors was prolonging the inspections program and delaying removal of curbs on Iraq's oil exports.

"The Americans who dominate the headquarters of the Special Commission and its activities in Iraq have been falsifying the facts, fabricating lies, deliberately prolonging the work, and submitting false reports to the Security Council," the spokesman said.

But Mr. Rubin said that "if Saddam Hussein can start to pick and choose who's on the team, he's going to try to start to pick and choose how the team operates, where it can go, who it can see, what time frame."

"And you begin down a slippery slope," he said.

The announcement Monday came after Mr. Ritter and his team had visited Iraqi government buildings near the headquarters of the UN Special Commission. Along with the nine Americans, the team included five Britons, a Russian and an Australian.

When Iraq expelled American inspectors before, the United Nations withdrew all its inspectors in protest, and the United States began its military buildup, including 30 warships and more than 250 fighters and bombers.

The inspectors were allowed to return a week later under a Russian-brokered agreement. Inspections have resumed, but Iraq still refuses to allow inspectors into presidential palaces and other so-called sensitive sites.

The Clinton administration had expected a new test over that refusal.

Iraq has called Mr. Ritter, who heads one of several UN inspection teams, a CIA spy, an accusation that he and U.S. officials have flatly rejected.

Mr. Ritter "is not a spy," said the National Security Council official. "He is a professional member of the UN-SCOM team."

EUROPE

Spain's Olive Growers Erupt at EU

By Marlene Simons
New York Times Service

BAENA, Spain — Manuel Cubillo had filled his glass and cleared his throat and was ready to test a syrup of an unspeakable vivid yellow-green. Big slurping sounds followed. Mr. Cubillo beamed.

"This is as good as it gets," he said, putting down his glass of olive oil. "It's fresh and a little peppery. Probably picked and pressed the same day."

Mr. Cubillo takes these sips for a living because he is an oil taster and this, the middle of the winter, is a hectic season for his palate and nose.

It is harvest time in the groves around Baena in southern Spain, a town at the heart of the biggest olive-oil producing region in the world. Across Andalusia, in fact, 300,000 people are taking part in the age-old ritual: Men with long poles while the branches full of swollen olives while the rest of the family is down on the ground, collecting the fruit falling on the sheets beneath the trees.

Outside the plant — called German Baena — for oil pressing and bottling where Mr. Cubillo works, farmers lined up recently to deliver their loads of ripe olives. A heady, leafy aroma oozed from the crushing presses and filled the air. It might have been an image of rural bliss and bounty. Except that in Baena and the hills beyond, a rebellion is brewing.

The farmers are angry at the European Union and its plan to reduce olive-oil subsidies. Of the union's annual subsidy of more than \$2 billion, close to 40 percent goes to Spain, which will suffer most from any cuts.

Officials at the EU's headquarters in Brussels say that above all they want to make changes to reduce fraud. Instead of paying a fee for oil reported to come off the presses, officials in Brussels argue that a more fraud-proof method would be to count the claimant's number of trees as a basis for subsidies.

EU inspectors see evidence of widespread fraud in Italy where a small farm will commonly sell oil to a larger one, with both then collecting subsidies for the same produce. In Spain, where 75 percent of the farmers sell to cooperatives, a method that is more transparent, the record is considered cleaner, though not impeccable.



Manuel Cubillo, olive oil taster, taking a sip at the German Baena plant.

Spanish farmers are outraged at the plan because they say it would punish them for someone else's sins and cut subsidies that make producing olive oil viable.

"The profit margin is already very small," said Joaquín García, who heads the federation of farm cooperatives in Córdoba. He said a Spanish farmer receives \$4 a kilogram (2.2 pounds) of oil, \$1.65 of which comes from the European Union.

In Baena, a town of 20,000 people, where more than half live off their olive trees, farmers are not sitting still. Last summer, they helped organize a march in which more than 50,000 farmers and workers demanded that the Spanish government defend their interests.

They were present a year ago when olive growers chartered 22 planes and flew to Brussels for the day to protest.

To old-timers here, whose faces are as lined as their beloved trees, the battle is a case of desk-bound bureaucrats deciding about real-life issues they do not understand.

"You may get five kilos from one olive tree and 150 kilos from another," said Francisco Tarifa, a burly farmer who also heads the local cooperative.

"How can you subsidize a tree? Some have one trunk, some four. They behave differently if you prune them or water them or kill the weeds."

Any remaining respect for the officials in Brussels dissolved last year

when Franz Fischler, the European commissioner for agriculture, visited Baena. Mr. Fischler, who is Austrian, gamely picked an olive from a branch, ate it raw like a cherry and pronounced it good.

That story is still prompting contempt in a country where everyone knows that this bitter, indigestible fruit must be carefully pressed or cured in brine for weeks to become edible.

"Having a raw olive is like eating an impaled chicken or an uncooked potato," Mr. Tarifa scoffed.

For the Baena region, the next step is to take on Italy, which buys almost half of Spain's oil exports and bottles and resells them under prestigious Italian names. "We've been great at producing, but bad at selling ourselves," said Mr. Tarifa, demonstrating how his cooperative is copying some of Italy's best sales gimmicks.

He got permission from the Duke of Baena, who lives in Madrid, to use the duke's name and coat of arms. "There it is, on our grand reserve," he said, holding up a cut-glass bottle worthy of any boutique. "And, of course, the clouder the better."

Just one thought: Did Mr. Tarifa ever put butter on his table? "Butter," he said, twisting his face. "It's terrible for your health." He paused to find something worse. "Putting butter in food," he said darkly, "is a mortal sin."

Britain and Ireland Offer Ulster Pact

Reuters

BELFAST — Britain and Ireland unveiled Monday far-reaching proposals for ending years of strife in Northern Ireland.

They proposed a new intergovernmental pact, an elected Northern Ireland assembly and an all-Ireland ministerial council.

The proposals, which politicians from Protestant and Catholic parties will discuss further Tuesday, also envisaged changes to the Irish republic's constitutional claims over Northern Ireland and to the legislation by which London rules the province.

"It is a road map to agreement," the Irish foreign minister, David Andrews, said at a news conference after the proposals received a cautious welcome from the main Protestant and Catholic political parties, the Ulster Unionists and the Social Democratic and Labour Party.

"This breakthrough offers a new basis for discussion that both governments hope will enable progress," said Mo Mowlam, Britain's minister for the province.

The initiative was viewed as bringing a fresh burst of life to the peace process after a somber period when guerrilla killings strained the peace process.

Political analysts said the proposals would form a fresh agenda as the talks approach a May target set by London and Dublin for a solution.

A joint document proposed a "British-Irish Agreement" to replace the Anglo-Irish Agreement of 1985, an accord that Protestant pro-British parties have hailed against. They said it gave Dublin an unwarranted say in day-to-day running of the British province.

The new agreement would provide for



David Andrews and Mo Mowlam outlining the Ulster peace plan Monday.

an "intergovernmental council" of representatives from the two governments, the Northern Ireland assembly and devolved parliaments such as Britain's planning for Scotland and Wales.

A "North-South Ministerial Council" would decide matters of mutual interest between both parts of the island and be accountable to the Belfast assembly and the Irish Parliament.

Political analysts said the propositions mirror plans outlined in a "framework document" in 1995 in which London and Dublin mapped out their vision of how the rival communities might

reach an accommodation. David Trimble, head of the powerful Protestant Ulster Unionist Party, which says it is in the talks to bolster British rule, said there was nothing in the paper that "obstructs or flatly contradicts the sort of outcome toward which we are working."

Mitchel McLaughlin, chairman of Sinn Féin, the political arm of the outlawed Irish Republican Army, which is conducting a cease-fire in a war on British rule, said that it was too early to talk in terms of a welcome but that his group would give the proposals careful study.

Aid on Holocaust Claims Is Found

By David Cay Johnston
New York Times Service

NEW YORK — After World War II, Holocaust survivors and relatives of victims pressed insurance claims against German and Italian companies, which denied many of them because the claimants lacked death certificates, policy numbers or other documentation.

But now researchers have recovered from government and private archives documents that strengthen those claims and show how the top executives of the biggest German insurance company, Allianz AG, worked closely with the Third Reich to seize policies owned by Jews, to expand Allianz's business in conquered countries and to limit claims from Jews the Nazis orchestrated to destroy Jews' property.

The most significant document found, experts say, is a single copy of an Austrian state police report, a fill-in-the-blanks form that is so apparently banal that researchers initially did not appreciate its significance, said Terrell Hunt, president of Risk International, a Houston company that does insurance research.

The 1940 document directs the Italian subsidiary of Allianz to turn over to the Reich Treasury the proceeds of a life insurance policy owned by Salomon Israel Koerner of Vienna.

Mr. Hunt said the numbering on the document suggested that it was one of tens of thousands of such documents in

the files of the state police in Austria, which was occupied by Nazi Germany's armed forces in March 1938 and incorporated into the German Reich. He believes these seizure documents have been preserved in archives.

"This document is the key for hundreds of thousands of people to make claims," Mr. Hunt said. "Its significance is that it is a standard form on which the Nazis listed the name and address of the insured, the insurance company and the policy number, which are the details needed to make a claim."

Under a 1933 German law, the property of Jews who emigrated was confiscated. Jews who were deported to death camps were considered emigrants under that law.

The document is addressed to the "management office for the German Reich" in the Vienna office of Rimunione Adriatica di Sicurtà, the Italian subsidiary of Allianz, indicating that the Nazis had their own personnel in the offices of major insurers.

Linda Gerstel, a partner at Anderson Kill & Olick, a New York insurance litigation firm working on a suit by Holocaust survivors and heirs of victims against Allianz and 14 other German and Italian insurers, said the document suggests that the Allianz subsidiary acted in bad faith, violating its duty of loyalty to its policyholder.

She said that even under the 1933 German law, the insurance company had a duty to inquire into whether Mr.

Koerner had indeed emigrated or was entitled to payment.

Douglas Talley, a Risk International lawyer, said that other documents the company had gathered from war archives showed that rather than simply following orders from the Third Reich, there was "a formal collusion" between financial institutions and the Nazi government to loot assets.

Risk International has been donating its services, but Mr. Hunt said the firm needed to find a paying client to continue its work because of the volume of documents that needed to be examined and cataloged to make claims.

The significance of the document was disputed by the senior spokesman for Allianz, Emilio Galli-Zugaro. He confirmed that tens of thousands of similar documents exist, but he said reparations the German government made to Holocaust survivors and victims' relatives after the war settled all claims.

"During the war it was normal — it is horrifying to say that now, but it was normal procedure then — to seize the insurance policies of Jews and give them to the Nazis," Mr. Galli-Zugaro said in a telephone interview from Rome.

"All survivors, of which there were not very many, and their heirs and those who could benefit collected their money" from the German government, he said. "Until this lawsuit was filed in New York last year, which hit us quite unexpectedly, we had not had a claim made in 20 years."

The lawyer who filed the case, Edward Fagan of New York, said, "The suggestion that these people were paid by the German government is just preposterous."

He said that Allianz and other insurers controlled the information needed to pay claims and relied on technicalities to deny payment or to pay less than was owed.

Mr. Fagan and Ms. Gerstel are seeking a federal court order requiring Allianz and other insurers to open their files to them.

Allianz and most of the other 14 insurance companies named in the lawsuit have operations in the United States, which may make them subject to U.S. courts.

Top Allianz executives who became senior officials in the Nazi government were interrogated by U.S. investigators after the war. They described courting Nazi officials beginning in 1932 and making political contributions to the Nazis. Kurt Schmitt, who was the chief executive of Allianz in the early 1930s, became Hitler's first minister of economics, dined frequently with Hitler and his top aides and wore an SS uniform, the statements show.

When the Nazis conquered a country the assets of local insurance companies were taken over by Allianz and other German insurance companies and by Assicurazioni Generali, an Italian insurance company, a recently declassified report by American economic intelligence experts stated.

Mr. Galli-Zugaro said "there is no question" that Allianz sought to profit from the war, but he said the company never sought to profit from the Holocaust.

BRIEFLY

Russian Duma Puts START-2 on Hold

MOSCOW — The State Duma, Russia's lower house of Parliament, does not plan to debate the U.S.-Russian START-2 nuclear disarmament treaty in its first six months of work in 1998, the Inter-Tass press agency said Monday.

The first deputy speaker of the Duma, Vladimir Ryzhkov, was quoted as saying that "the fate of the START-2 treaty is still not clear."

President Boris Yeltsin and George Bush, the U.S. president at the time, signed the treaty after the Strategic Arms Reduction Talks in 1992. The agreement has already been ratified by the U.S. Senate, but not by the Russian Parliament.

Protests by Jobless Continue in France

PARIS — Jobless activists staged fresh protests across France on Monday as the leftist government struggled to prevent a growing social movement from spinning out of control.

Employment Minister Martine Aubry planned to meet the leaders of associations representing job-seekers later in the day.

Despite the government's use of force over the weekend to evict them from about 20 unemployment offices, militants began a new wave of occupation attempts even as they urged fresh protests for Tuesday. (Reuters)

Chirac Calls for Ban On Gene Engineering

PARIS — President Jacques Chirac appealed Monday for an international ban on human genetic engineering as officials of 19 European countries signed an agreement outlawing human cloning.

"Nothing will be resolved by banning certain practices in one country if scientists and doctors can simply work on them elsewhere," Mr. Chirac said at a conference of Europe's national ethics committees.

President Bill Clinton called Saturday for a five-year ban on human cloning experiments. (Reuters)

For the Record

Germany has reached agreement with the Jewish Claims Conference to pay 200 million Deutsche marks (\$110 million) by 2002 into a fund to compensate Holocaust survivors in the former Eastern bloc, Chancellor Minister Friedrich Boll said. (AFP)

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Herald Tribune

New Nuclear Danger

The end of the Cold War has produced an alarming nuclear irony. Russia is now more dependent on its nuclear weapons than ever, and at the same time those weapons are more vulnerable. That increases the chances that in a severe crisis Moscow might consider using them. It is imperative for Washington to help reverse that trend, and Bill Clinton has the tools to do so, if he is willing to use them.

When the Cold War ended, the Soviet Union had one of the largest land armies in the world, an abundance of conventional weapons and a nuclear strike force nearly equal to that of the United States. Since then, domestic politics, economic problems and general neglect of the military have left Russia with a hollow conventional force. As that force has deteriorated, Russian military planners have placed increased emphasis on nuclear weapons, which are less expensive to maintain.

But steeply declining defense budgets have left even some of those weapons dangerously exposed. Most Russian ballistic-missile submarines are kept in port because it costs less to keep them idle than to put them to sea.

That makes it easier for another country to knock out Russia's submarine fleet. NATO's ill-advised expansion, if approved, will bring Western forces closer to the Russian border. While a NATO strike against Russian nuclear weapons now seems unimaginable, the psychology of vulnerability on the Russian side is real.

The Clinton administration should

act to defuse this growing nuclear risk. Progress in negotiating and ratifying new arms reduction treaties has slowed, held back in part by the opposition of Communists and nationalists in the Russian Parliament and Republicans in the U.S. Senate. But President Clinton and President Boris Yeltsin can move on their own to take off high alert some of the 3,000 nuclear warheads that each side now has ready to fire at the other on short notice. George Bush and Mikhail Gorbachev took a similar step with nuclear bombers and missiles in 1991. Such a decision would provide additional time for communication and diplomacy in a crisis.

About a third of American warheads could now be taken off alert without risking national security. Russia can be expected to reciprocate. Specifically, Mr. Clinton could order the launch keys for part of the MX missile force removed. MX guidance systems could be taken out of the missiles and stored in their silos. Silos could even be covered with heavy objects that would have to be removed before launching.

Several of these ideas have been proposed by Sam Nunn, the former senator from Georgia, and Bruce Blair of the Brookings Institution, and are viewed favorably by American military planners. All that is needed now is for Mr. Clinton to take political leadership on this issue. Reducing Russia's reliance on nuclear weapons ought to be a concern of the highest order for the Clinton administration.

—THE NEW YORK TIMES

Vietnam Slows Down

Since 1986, Vietnam has attracted tens of billions of dollars in foreign capital and sparked a noticeable rise in urban living standards by moving away from the rigid socialist economy bequeathed by Ho Chi Minh. But in recent years reforming impulse has stalled. That trend was strengthened by the recent designation of General Le Kha Phieu as Communist Party chief, Vietnam's highest political post. He is a military conservative more interested in preserving political control than in liberating economic energies.

General Phieu is one of three new top officials named in the last four months to replace the aging leadership that carried the reforms through their most dynamic period. The others are Prime Minister Phan Van Khai, an economist closely associated with past reforms, and President Tran Duc Luong, a mining engineer.

Vietnam's economic reforms are far from complete and have not progressed nearly as far as China's. The needed next step is an aggressive self-

off of the nearly 6,000 remaining state-owned companies, many of which are closely linked to the army. General Phieu's power base. Also vital is an early devaluation of the currency, the dong, which bankers now estimate is 30 percent overvalued. That is a crippling burden on Vietnamese exports and a deterrent to foreign investment.

Vietnam's leaders are concerned by recent unrest in rural areas over complaints about low wages and corrupt local party officials. They see neighboring countries like Thailand, Malaysia and Indonesia being pressed by global lenders to accept painful economic adjustments. They dream of some middle course that would allow them the benefits of capitalist development without increased foreign influence and a weakening of domestic political control.

But such dreams are illusory; as other socialist countries trying to step halfway into the world market have discovered.

—THE NEW YORK TIMES

On-Line and Ordinary

The customary year-end surveys showing robust Internet growth—more people using the Web and e-mail, more people calling the technology indispensable to their daily lives, more Europeans on-line, more electronic commerce—are finally starting to pick up more interesting patterns than mere hectic expansion.

The general impression they convey is that people are starting to settle down from faddishness into the use of technologies that help them do things they would do anyway.

A study by a small firm called the Emerging Technologies Research Group, after asking respondents what they had used the Net and the Web for during the past year (the top answers were news, hobbies, travel and entertainment), went on to ask them what additional uses they intended to make of the Net in the year to come.

This will be instantly recognized as a question about New Year's resolutions, and in that context the answers do not so much herald new patterns of human behavior as confirm the continuation of old ones. Those answering the poll said they intend to pay more attention to on-line banking and personal investment, to use the Net more for adult education and to get more information from it about health and medicine.

There are also hints that, from an on-line society once composed mostly of meekly obedient techies and clueless newcomers dependent on their service providers, the Net is slowly starting to develop something like a middle class. Another survey—from the Atlanta-based Graphic, Visualization and Us-

ability Center—had the bright idea of polling separately for the opinions of novice, intermediate and expert users (with experts defined as those on the Net for four years or more).

The survey found perceptible differences in opinion among the three groups, notably a greater concern among novices than experts about privacy, with more novices than experts saying that new laws are needed to protect Net users' privacy.

More novices also expressed "strong disagreement" with the proposition that vendors have a right to resell consumer information collected about Net users through "cookies"—bits of code that Web sites send into a visitor's browser in order to track the visitor's history of subsequent visits to the site. Surveyors expressed surprise at the number of users who seem reasonably well informed about what cookies are and how they work. About two-thirds were able to explain how their software is set up to deal with cookies (it can block them, accept them or send a warning message), and a quarter said they had altered the settings themselves.

It may be that fears of on-line vulnerability go down as people learn more about how to tweak their computers and how the whole mysterious business works.

While not definitive on the question of what should be done to protect Net privacy, this is yet another bit of evidence that people's behavior on-line, far from being strange and science-fictionish, bears strong resemblances to their behavior everywhere.

—THE WASHINGTON POST

Next, Watch the Play on Khatami's Chessboard

By Richard W. Murphy and Nomi Colton-Max

NEW YORK—In his address to the American people via CNN last week, President Mohammad Khatami of Iran had kind words for the American Puritans, the Declaration of Independence and Abraham Lincoln. However, he made jolting criticisms of American foreign policy and rejected an official dialogue with the United States.

He came close to expressing regret for the taking of hostages at the U.S. Embassy in 1979, but reminded his audience of the historical context in which it occurred.

He then listed Iranian grievances over American policy, some dating back nearly half a century. Few Americans listening to the interview would have recalled all his facts, much less their historical context.

His statements left unanswered many questions about the dynamics of Iranian politics. American analysts failed to predict his election last May, and each step that he has taken since has surprised us, underscoring the depth of our national ignorance about Iran. Now we can no longer even be certain that Iran's Supreme Guide, Sayed Ali Khamenei, is the unchallenged formulator of Iranian foreign policy.

Washington has responded positively to Mr. Khatami's address and included the appropriate reservation about the need for an official dialogue.

His denunciation of terrorism was welcome, as was his stated readiness to discipline any Iranian official whom he might discover to be involved in the funding of terrorist operations.

But Mr. Khatami summarily dismissed Washington's long-standing charges that Iran supports international terrorism ("unfounded") and violent opposition to the Arab-Israeli peace process ("we do not support violence against the process, but it is not working") while pursuing a nuclear weapons program ("we do not have and do not intend to have one").

This did not satisfy Washington. Presumably, only when an official bilateral channel for dialogue have been established will the administration be prepared to discuss the evidence it says it has on all three counts.

Using the stale rhetoric of confrontation, Mr. Khatami characterized Is-

rael as a "racist, terrorist" state. This rhetoric, along with his assertion that some foreigners believe that U.S. Middle East policy is decided in Tel Aviv and not Washington, may well have reflected his own views. It may equally have been designed to please a more local audience, both in Iran and elsewhere in the Middle East.

Such slurs do not negate the fact that Iran has long acknowledged the existence of the state of Israel. This has been implicit in Iran's position that it would take no action to interfere with the peace process, and explicit in its acknowledgment of Syria's right to negotiate its own peace treaty with Israel.

Mr. Khatami asserted that the U.S. sanctions have stimulated the Iranian economy. Do the Iranians really not need to worry about U.S. economic pressure? Hardly. That pressure pushed the Iranian currency to near collapse in 1994-1995. But sanctions may have stiffened resolve to lower the foreign debt and inflation rate through voluntary embrace of tough IMF recommendations. The bottom line is that Iran has grown stronger. U.S. sanctions nev-

ertheless have international support.

Did Mr. Khatami rule out govern-

ment-to-government talks for the present because he knew they could cause too much friction within Iran's leadership circle or because he is not yet prepared to discuss U.S. complaints? Glib U.S. punditry notwithstanding, we simply don't know.

He has proposed a broad exchange of scholars, writers, artists, and tourists. This in itself is a good development in the relationship, and we hope that his government follows through.

Mr. Khatami has set the chessboard for a game restricted to private citizen exchanges, but of course only government-to-government talks will allow each country to deal with the issues that most concern it.

How long will this current chess game last? It would be nice to think it could be concluded in six months. Both countries could then really enjoy watching their soccer teams joust in the World Cup next summer.

Mr. Murphy is a senior fellow at the Council on Foreign Relations, where Ms. Colton-Max is a research associate. They contributed this to the International Herald Tribune.

For Indonesians, the President Looks Like the Problem

By Adam Schwarz

WASHINGTON—Unemployment in Indonesia is set to soar in 1998, with growth plummeting, corporate layoffs a certainty and more than 2 million new job-seekers entering the workforce. Indonesians, expecting more price rises, are fighting in the aisles of supermarkets and busy hoarding goods; looting is on the rise.

For a leader whose principal claim to political legitimacy is economic growth, these are dark days indeed.

President Suharto has accomplished a great deal with Indonesia, turning a poverty-racked backwater into a vibrant, confident developmental success story inside a generation. But as the Asian miracle has unwound, the underside of his authoritarian rule—corruption, nepotism, lack of transparency and a feeble judiciary—has taken center stage.

Indonesians largely overlooked these shortcomings while the economy grew year after year by more than 7 percent. But in the 1990s, as economic success raised expectations, dissatisfaction with Mr. Suharto's aloof leadership style has been on the rise.

Thailand and South Korea have both changed governments since receiving IMF support, and thereby at least gave the impression of a clean break with the past, but Indonesia has clung to the political status quo. The result is a profound crisis of confidence in Mr. Suharto's ability to restore the market's faith in Indonesia's economic prospects. In short, he has come to be seen as the problem.

The \$43 billion rescue package organized by the IMF in October did not address the core concerns that the market has about Indonesia. It was overly concerned with macroeconomic targets and too little with fundamental structural changes.

In the negotiations with the IMF to restructure and accelerate the rescue package, Mr. Suharto will be pushing for le-

niency on meeting the IMF's directive to produce a budget surplus. His primary political concern right now is to forestall mass-based opposition to his rule, and that means continuing budget subsidies to ensure adequate supplies of rice and other basic commodities at affordable prices. The drought afflicting parts of Java has already started pushing prices higher.

The IMF would do well to give ground on this point. Massive social unrest, a real risk, serves nobody's interest. But the price should be much steeper conditions in other areas.

The list should include a more far-reaching reform of the banking sector, with more independence for the central bank so that it is capable of enforcing its own rules.

As a sign of Mr. Suharto's commitment to genuine reform, the IMF should insist on the immediate ending of some of the more egregious examples of

first-family greed, such as the monopoly on clove trading held by the president's youngest son and the unnecessary power plant project recently awarded to his eldest daughter.

The national car project should be scrapped immediately, and the expensive, so-called strategic industries under the purview of Research and Technology Minister B.J. Habibie should be reviewed.

Non tariff barriers and government regulations that restrict competition in plywood, petrochemicals and flour distribution should be eliminated, as should restrictions on foreign investment in banking, accounting and distribution. Legislative oversight on the awarding of government-funded infrastructure projects should be enhanced.

Finally, the IMF should elicit from Mr. Suharto a pledge to allow market forces to determine the survival of the leading

corporate players. Any effort to use state bank funds and other official resources to bail out the politically advantaged would again shatter confidence.

All these steps will be painful for Mr. Suharto; they strike deep into the system of patronage that has served him well for many years. But even if they are accepted and carried through, will they be enough? Or, as many in Indonesia now seem to think, is it simply not possible to construct a set of workable, sustainable reforms if they do not include fundamental political changes?

This is the dilemma facing the IMF and the other contributors to Indonesia's rescue package, since politics lies outside the IMF's bailiwick.

It is easy enough to put together a list of initiatives that would help Indonesia's outdated political system catch up with the country's complex, modern economy; among others, changes in the electoral laws to permit geographic con-

stituencies; ending the ban on political parties and independent labor unions; ceding more independence to the legislature and judiciary; and stripping the Information Ministry of the right to unilaterally shut down newspapers and magazines.

It is hard at this stage to imagine Mr. Suharto taking these steps. He appears unwilling even to clear up the confusion over whether he intends to seek re-election to another five-year term in the election scheduled for March. While this political uncertainty persists, restoring confidence in Indonesia may well be impossible.

The political system created by Mr. Suharto has outlived its usefulness. Indonesia's recovery must begin with its reform.

The writer, Edward R. Murrow fellow at the Council on Foreign Relations, is author of "A Nation in Waiting: Indonesia in the 1990s." He contributed this column to the International Herald Tribune.

The West Should Be Alarmed and Involved

By François Godement and Gerald Segal

LONDON—Like a fleet caught in a raging storm, most of Asia's economies appear to be rudderless. Asia's silence and admission that it is not in a position to resolve the crisis are an extraordinary event, which will create political instability and rekindle nationalist frustration.

But what should we think of the West's silence? While the Western powers can claim that they are acting through the IMF, the IMF is in fact conveniently taking the flak from all quarters and serving as a shield for the principals should events turn sour.

There is far less grief about the events in Asia than many Asians might have expected. The supposedly globalized economy does not depend much

on Pacific Asia, whose economic demise looks like reducing the GDP of OECD countries only slightly in 1998. There will be a slowdown in European and American sales to Asia, but supply-side costs are falling much faster. Computers built in Penang, Malaysia, or Pusan, South Korea, will be much cheaper in 1998.

In addition, capital flight from Asia is producing record falls in Western interest rates. In Europe, the Maastricht criteria that once looked improbable now appear likely to be overfulfilled. In the United States, the Federal Reserve can afford to relax about inflation.

The prospect of increased trade deficits for the West's

consumer economies is only a moderate threat. Interest from Asian debt, and the prospect of attractive property takeovers in Asia, will satisfy many Europeans, but mainly Americans.

In democratic systems where short-term results set the public mood, these trends are satisfying to elected politicians.

Beyond these windfall profits, satisfaction in the West with the Asian crisis comes from a sense that those infused with Asian hubris were due to be cut down to size.

Europeans were fed up with being criticized for their stifling social system, and Americans were exasperated by complaints about their acute individualism. Yet there are real and compelling reasons that should tone down this Western mood. First is a scary possibility of a financial emergency in Japan.

Japan has been much less exposed than expected, but it has failed to enact real financial and political reform. Domestic gridlock means that even its peerless exporters and its seemingly bottomless reserves would be no protection against a run on its financial system.

At a minimum, there is reason to worry that Japan will be able to provide far less capital worldwide.

Second, the Chinese shoe has yet to drop. China is already in the midst of a serious deflation, with the prospect of either a sizable devaluation that would

further destabilize the region or of massive social and political unrest. Beijing is slowing down its plans for further conversion to a market economy and reform of the state-owned industries. A defensive and nationalist China in the midst of a region already deeply resentful of the West is not good news.

Third, a complacent West is a danger to itself. Competition and capital from Asia have been essential to revitalize Western economies and reform societies. Without Asia's prodding, Detroit would still be far behind, and consumer goods on supermarket shelves in Europe would still be too expensive.

Europeans and Americans need to be careful that their cool response to the Asian crisis does not let down many people in Asia. The educated and largely democratically inclined citizens of Asia formed a compact with the West that now requires active Western support for continuing reform in Asian economies and political systems.

Shortsighted Western leaders who feel tempted to let Asians trickle down the drain might be losing their own bet on the future of global prosperity.

Mr. Godement is a senior research associate at the Institut Français des Relations Internationales, in Paris, and Mr. Segal is director of studies at the International Institute for Strategic Studies, in London. They contributed this column to the International Herald Tribune.

Shouting Down the Debaters

By Anthony Lewis

BOSTON—The American Jewish community has for many decades been a force against intolerance. Jews played a leading part in the fight against racial and religious discrimination in the country. How surprising it is, then, to find today what can only be called Jewish McCarthyism: the use of hateful smears by a small band of American Jews who want to intimidate into silence those in the community whose political views they dislike.

That is what underlies a flap over a planned lecture series on Israel at the Smithsonian Institution in Washington.

The series was to be sponsored jointly by the Smithsonian and the New Israel Fund, which supports religious pluralism in Israel, civil liberties and Jewish-Arab coexistence.

A preliminary draft of the program included as speakers Thomas L. Friedman, the New York Times columnist, several professors from the Hebrew University in Jerusalem, an Orthodox Israeli rabbi, an Arab member of the Knesset and two well-known figures in the conservative Likud Party. Among topics to be discussed were the peace process, religion in Israeli life and the place of Arabs in Israel—critical subjects today.

Last month the planned series was denounced by an organization called Americans for a Safe Israel. It has no mass membership but is evidently

well financed. It takes advertisements warning against concessions by Israel for peace with the Palestinians.

A press release issued by this group said the Smithsonian had been "duped" by the "far-left" New Israel Fund "into being used to attack an American ally."

The attack was taken up by the New York Post, Rupert Murdoch's right-wing tabloid. And a Republican congressman from Suffolk County, New York, Michael P. Forbes, wrote to the secretary of the Smithsonian, Ira Michael Heyman, that he was "shocked" at the planned program. It would "heap unfair and one-sided abuse on America's most trusted ally."

Mr. Forbes denounced Mr. Friedman, saying he had "heaped unjust and insulting criticism on Israeli leaders." He objected to one proposed lecture title ("Jerusalem: To Unify a Divided City") because, he said, Israel had unified Jerusalem 30 years ago.

"The propagation of blatantly anti-Israel falsehoods," he said, contradicted the Smithsonian's "noble purpose."

The extremity of the attacks on the planned series was matched by their foolishness. On Mr. Forbes's point about Jerusalem, for example: The city was indeed politically unified by Israel, but anyone who has been there knows that

it remains physically and psychologically divided between Jewish and Palestinian sectors. Bridging the division is a major challenge, and discussing that is hardly "anti-Israel."

Mr. Friedman, with his deep knowledge of and feeling for Israel, needs no defense against such critics. They really attack him because he believes that peace with the Palestinians is essential to Israel's future. So do hundreds of thousands of Israelis.

But Mr. Forbes is on the House Appropriations Committee, which passes on the Smithsonian's budget.

Last week the Smithsonian dropped the proposed series and ended its partnership with the New Israel Fund. It said it would plan on its own a lecture series on Israel.

The Smithsonian's craven retreat shows the price of weakness in Mr. Heyman's leadership. No intellectual institution, public or private, can do its job unless its leaders are prepared to stand up to the pressures of intolerance.

The major Jewish organizations also need to reflect on what happened in this affair. If the planned lectures needed broadening, that could easily have been done. The Anti-Defamation League was ready to do it, co-sponsoring the event with the New Israel Fund. But the voices of hate prevailed, suppressing the clash of ideas that is the life of America—and of Israel.

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Internet address: <http://www.ihb.com> E-Mail: ihb@ihb.com

Editor for Asia: Michael Richardson, 50 Cantonment Rd., Singapore 119000. Tel: (65) 472-7768. Fax: (65) 274-2334.
Mag. Dir. Asia: Terry Danner, 50 Cantonment Rd., Hong Kong. Tel: 852-2822-1188. Fax: 852-2822-1190.
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OPINION/LETTERS

A Morally Bankrupt Drug War

By Milton Friedman

STANFORD, California — Twenty-five years ago, President Richard M. Nixon announced a "war on drugs."

I criticized the action on both moral and expedient grounds in a Newsweek column, "Prohibition and Drugs."

"On ethical grounds, do we have the right to use the machinery of government to prevent an individual from becoming an alcoholic or a drug addict? For children, almost everyone would answer at least a qualified 'yes.' But for responsible adults, I, for one, would answer 'no.' Reason with the potential addict, yes. Tell him the consequences, yes. Pray for and with him, yes. But I believe that we have no right to use force, directly or indirectly, to prevent a fellow man from committing suicide, let alone from drinking alcohol or taking drugs."

That basic ethical flaw of the drug war has inevitably generated specific evils during the past quarter century, just as it did during America's earlier attempt at alcohol prohibition.

The use of informers. Informers are not needed in crimes like

Today, 1.6 million people are in prison. Eight times as many in absolute number, six times as many relative to the increased population. In addition, 2.3 million are on probation and parole. The attempt to prohibit drugs is by far the major source of the horrendous growth in the prison population.

Disproportionate imprisonment of blacks. Sher Rosenko, at the time Connecticut's director of addiction services, stressed this effect of drug prohibition in a talk given in June 1995:

"Today in this country we incarcerate 3,109 black men for every 100,000 of them in the population. Just to give you an idea of the drama in this number, our closest competitor for incarcerating black men is South Africa. Nelson Mandela and under an overt public policy of apartheid—incarcerated 729 black men for every 100,000."

Drug prohibition is one of the most important factors that have combined to reduce our inner cities to their present state.

The crowded inner cities have a comparative advantage for selling drugs. Though most customers do not live in the inner cities, most sellers do. Young boys and girls view the swaggering, affluent drug dealers as role models. Compared with the returns from a traditional career of study and hard work, returns from dealing drugs are tempting to young and old alike.

Compounding the harm to users. Prohibition makes drugs exorbitantly expensive and highly uncertain in quality. A user must associate with criminals to get the drugs, and many are driven to become criminals themselves to finance the habit. Needles, which are hard to get, are often shared, with the predictable effect of spreading disease.

Undertreatment of chronic pain. The federal Department of Health and Human Services has issued reports showing that two-thirds of all terminal cancer patients do not receive adequate pain medication, and the numbers are surely higher in nonterminal ill patients. Such serious undertreatment of chronic pain is a direct result of the Drug Enforcement Agency's pressures on physicians who prescribe narcotics.

Harming foreign countries. Our American drug policy has led to thousands of deaths and enormous loss of wealth in countries like Colombia, Peru and Mexico and has undermined the stability of their governments. All because we cannot enforce our laws at home.

If we did, there would be no market for imported drugs. There would be no Cali cartel. The foreign countries would not have to suffer the loss of sovereignty involved in letting our "advisers" and troops operate on their soil, search their vessels and encourage local militaries to shoot down their planes. They could run their own affairs, and we, in turn, could avoid the diversion of military forces from their proper function.

Can any policy, however high-minded, be moral if it leads to widespread corruption, imprisons so many, has so racist an effect, destroys our inner cities, wreaks havoc on misguided and vulnerable individuals and brings death and destruction to foreign countries?

The writer, a Nobel laureate in economics, is a senior research fellow at the Hoover Institution. He contributed this comment to The New York Times.



Why Man's Best Friend Belongs in the Office

By Daniel S. Greenberg

WASHINGTON — America's ancient conflict between dog lovers and the anti-dog rabble will never end, but recent events indicate that the tide is shifting in favor of dogs.

The business world, according to many reports, is finally awakening to the psychological benefits of dogs and other pets

of the court. The dog in question was sinless except for his weight, which was far in excess of the 24-pound limit arbitrarily written into the condo bylaws.

"The law is the law," the anti-dog contingent chorused as they demanded his eviction. But the law can be changed, I argued, urging the members to base acceptability on behavior rather than weight. Humans have been ousted from the building for persistent rowdiness and other unacceptable behavior. I pointed out, but never for being overweight — a standard that, if applied, would produce more than a few vacancies. It was a lost cause. Out went the innocent dog and his owner.

Despite that setback, the overall trends are encouraging. Consider, for example, a wonderfully helpful directory for travelers with pets, "Take Your Pet USA: A Guide of Accommodations for Pets and Their Owners," which lists more than 4,000 hotels, motels and bed-and-breakfasts nationwide that welcome pets.

They inspire attention to the next front for expanding canine access: restaurants. The response to the predictably vehement arguments against dogs in restaurants is that they are legally present in eating establishments of all kinds in France.

In many British pubs, a standard character is a big dog that waddles among the crowd, sampling food and even sharing a glass of beer with a friendly patron. The French and British are no worse off healthwise than the dog-banning Americans.

Just as a worker shortage and competitive considerations have opened the workplace to dog owners, the same could happen in the restaurant industry. The battle cry on this canine front should be: "If you want me as a customer, accept my well-behaved dog."

But public opinion first must be mobilized against the outdated and unrealistic "health" regulations that exclude animals from public dining facilities. The progress so far proves that with unrelenting pressure it can be done.

The writer is editor at large of Science & Government Report, a Washington newsletter. He contributed this comment to The Washington Post.

MEANWHILE

spending the workday with their human friends. For both dog and human, it's all gain.

Ben, our Labrador retriever, finds nothing special about office life. For nearly a decade, as successor to another Lab, he has occupied a place in my home office and is accustomed to the clacks and beeps of office machinery and the comings and goings of visitors. Most of the time he dozes under my desk. But if a telephone conversation becomes a bit loud or agitated, he looks up with an expression that therapeutically suggests "Cool it."

As previously reported in connection with Ben's predecessor, the presence of a dog is comforting whenever a snippy secretary for some eminence icily inquires, "Who are you with, Mr. Greenberg?" I can reply: "I'm with my dog. Who are you with?"

In the corporate setting, the motivation for admitting dogs is the bottom line: Happy workers make more money for their bosses, and a beloved dog nearby, rather than locked up at home, contributes to worker happiness. The trend is most advanced in the economically sizzling Silicon Valley, where job seekers enjoy an abundance of options. And more are opting for jobs that welcome dogs in the office.

The march of dogs inevitably evokes fear-mongering by dog haters, who bring up dirt, combativeness and other unpleasantness as reasons for excluding dogs. Their arguments are nonsensical. If dogs fail to behave properly they should be barred — as usually is the case with people who misbehave.

An aversion to dogs often is accompanied by a streak of irrationality, as I observed in a raging canine controversy in the catwalk of democracy in urban America ... a condo meeting, which I attended as sort of a friend

LETTERS TO THE EDITOR

Helping Algeria

Regarding "Algeria's Terror" (Editorial, Jan. 10):

The editorial was incorrect in stating that Mary Robinson, the United Nations High Commissioner for Human Rights, "is offering to mount a serious on-site inspection of the Algerian scene."

The high commissioner has expressed her concern a number of times about the level and nature of the violence in Algeria and has welcomed the recent statements of concern by the European Union, the United States and Canada. However, she has not herself proposed to carry out an inspection.

Instead, Mrs. Robinson has given her support for visits to Algeria by the special rapporteur on extrajudicial, summary or arbitrary executions and by the special rapporteur on torture. These independent human rights experts, with mandates decided by the 53 governments of the Commission

on Human Rights, had expressed their wish to visit Algeria well before the recent upsurge in killings. Their reports go to the commission and to the United Nations General Assembly.

The high commissioner believes human rights are properly a matter for international concern; shares the widespread dismay at the loss of life and devastation to communities, and supports efforts to engage the Algerian government in a manner that will improve the protection of the people in that country.

JOHN MILLS,
Geneva.

The writer is a spokesman for the United Nations High Commissioner for Human Rights.

Immigrants' Strength

Regarding "Why America Is Doing So Well" (Opinion, Jan. 5) by Charles Krauthammer:

I endorse Mr. Krauthammer's

view that the continued strength of America, over two centuries, is attributable in large part to the continuous infusion of new blood by immigrants who have the extra "something" that leads them to give up what they know and to travel in search of a better future.

I disagree, however, with Mr. Krauthammer's implication that this flux of immigrants has left the rest of the world with less dynamic people ("Europe and Asia are populated by the folks the gamblers left behind").

He forgets that there have been mass migrations to Europe, Asia and South America, as well as among and within these continents.

Also, I can attest that, like Americans, the Dutch have a creative and strong economy and live comfortably. In fact, they enjoy a quality of life superior to that in the United States.

J. DONALD OSTROW,
Amsterdam.

Can a policy be moral if it leads to widespread corruption, racism and urban decay, and brings death and destruction to foreign countries?

robbery and murder because the victims of those crimes have a strong incentive to report the crime. In the drug trade, the crime consists of a transaction between a willing buyer and a willing seller. It is in the self-interest of both that the crime not be reported. That is why informers are needed.

The use of informers and the immense sums of money at stake inevitably generate corruption — as they did during Prohibition. They also lead to violations of the civil rights of innocent people and to the shameful practices of forcible entry and forfeiture of property without due process.

Filling the prisons. In 1970, 200,000 people were in prison in America.

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INTERNATIONAL

Opposition to IMF Loans in Asia Mounting in U.S. Congress

By Lizette Alvarez
New York Times Service

WASHINGTON — The Clinton administration is facing a growing wave of congressional opposition from conservatives and some liberals over its plan to bail out financially ailing Asian countries by funneling billions of dollars through the International Monetary Fund.

Representative Bill Archer, the chairman of the House Ways and Means Committee, said in a broadcast interview that Congress would take a close look at the IMF loans to Indonesia, South Korea

and Thailand when it returns from recess at the end of January.

"I think Congress is going to look at it very, very carefully, and weigh the conditions that are put in by the IMF to determine whether it truly does stabilize these countries and whether it is in the best interest of this country," Mr. Archer, Republican of Texas, said. "I think it's still an open issue."

To that end, Senator Latch Faircloth, Republican of North Carolina, called Republican aides to a meeting on Wednesday to rally support against the administration's request for \$18.5 billion for the Fund. At the meeting, Mr. Fair-

cloth, a critic of the loans, will be briefed by experts about the IMF and development in Asia.

The next day, Representative Bernard Sanders, a Vermont independent, plans to hold a second meeting, together with an environmental group, to unite critics of the policy from both parties.

The announcements Sunday followed by a day a statement by Senator Alfonse D'Amato, Republican of New York, that chairman of the Senate Banking Committee, that his panel would hold hearings on Jan. 26 on the rescue loans.

"I have some very serious reservations about the current U.S. policy and

the readiness with which we are providing funds to bail out some very undisciplined investors," Mr. D'Amato said on CNN.

The Clinton administration wants Congress to approve legislation that would make an extra \$3.5 billion available to the monetary fund for emergency lending, and \$1.5 billion to help replenish depleted fund accounts. The monetary fund put together the rescue plans during the last six months to help Asian markets.

Opponents say taxpayers should not be compelled to bail out countries that are responsible for their own economic problems.

But in a gesture of solidarity, the leader of the minority Democrats in the House, Dick Gephardt of Missouri, spoke up in favor of the policy and urged Democrats to work with the Clinton administration to ensure that the International Monetary Fund gets the money it needs.

Mr. Gephardt led a fight last year against President Bill Clinton's request for enhanced trade-negotiating authority.

"There's no sense for us in having these countries go bankrupt," he said. "It will hurt our workers. It will hurt our markets."

Cohen Rejects Curbs on U.S. Forces in Asia

Reuters

KUALA LUMPUR — The U.S. military will not accept any restrictions on its freedom of movement in the Asia-Pacific region, even from well-intentioned friends and allies, Defense Secretary William Cohen said Monday.

"I would like to be very clear in stating the United States will not support initiatives that would either undermine our operational flexibility or constrain our military posture," he said at a forum of political and defense experts in the Malaysian capital.

Mr. Cohen said flexibility of movement was vital to the effectiveness of U.S. warships and other forces, which he termed a bulwark of security and prosperity in Asia.

He said that the Pentagon was concerned about informal proposals for confidence-building measures.

U.S. officials said such measures, put forth by some officials of the Association of South East Asian Nations, could require advance notice of the size and timing of U.S. force movements.

Responding to questions from reporters, Mr. Cohen declined to be more specific. But a senior official with Mr. Cohen on a 12-day tour of seven Asian states said that while such proposals were often "well intentioned," they were not productive.

"I must tell you we do have some concern about certain proposals for military confidence-building measures that are sometimes circulated. And they are measures that could lead to operational constraints on our military presence in the region," he said.

"Our value to our presence in the region depends upon our operational flexibility and the reassurance and deterrence that that flexibility provides."

Mr. Cohen said that the United States appreciated basing rights and other military support provided by members of ASEAN and other allies in the region, and that Washington would welcome additional support.

He stressed that the United States was a friend of Asia's and would remain so even in times of economic turmoil, such as in recent months.

Mr. Cohen held talks Monday with Malaysia's prime minister, Mahatir bin Mohamad.

The secretary will wind up the first leg of his tour on Tuesday and fly to Indonesia for security talks with President Suharto on Wednesday. He will later go to Singapore, Thailand, China, Japan and South Korea before returning to Washington on Jan. 22.

He flew to Malaysia on Sunday from Washington at the start of a major security tour that will include talks with leaders throughout the region, including President Jiang Zemin of China.

The secretary stressed to reporters traveling with him that the United States was a major economic and security figure in Asia and that 100,000 U.S. troops would remain in the Asia-Pacific region for the foreseeable future.

He is in the region chiefly to discuss military and security issues, at the same time that Deputy Treasury Secretary Lawrence Summers is in Asia to hammer home the point that the financial crisis can end only with reforms.

VEGAS: Staking Out the High Rollers

Continued from Page 1

money than ever counting people like Mr. Willis, who is considered a premium player, and Mr. Packer, who is in a top tier of gamblers known as whales. Premium players, who typically wager from \$100,000 to \$250,000 a visit, number in the thousands. But whales, who gamble more than \$1 million per visit and who may have lines of credit up to \$20 million and win up to \$26 million in one visit to a casino, number only about 250 in the world, those who recruit them say.

The competition for the top high rollers is global, and because wealthy gamblers are also aggressively pursued by Asian and Australian casinos, American casinos "are trying to compete with these markets in a way that has never been seen before," said Robin Farley, a gaming industry analyst at BT Alex. Brown Inc. "A lot of capital is being invested in high-end play."

Along Las Vegas Boulevard, temples of opulence are rising to attract wealthy gamblers. The Las Vegas Hilton recently spent \$44 million to build three suites to house its biggest bettors, and Caesars Palace, another favorite of high rollers, spent \$13 million on two luxury suites.

Mirage Resorts recently spent about \$150 million on art, including paintings by Renoir, Monet, Cezanne, Van Gogh and Picasso. They hang behind the frosted-glass doors of the Mirage's high-stakes gambling room, but next year the company plans to move the paintings to the Bellagio, a \$1.8 billion hotel and casino it is building to cater to big spenders.

Farther down the Las Vegas strip, at the MGM Grand, a \$700 million redevelopment project will include a building housing 30 private villas called the Mansion, where guests can step into a gigantic courtyard that appears to be outside but is actually enclosed under a climate-controlled dome. "Even the air they breathe will be exclusive," Ms. Farley said.

To stay close to some of the world's richest gamblers, major U.S. casino companies have offices in Hong Kong, Taiwan, Singapore and Sao Paulo.

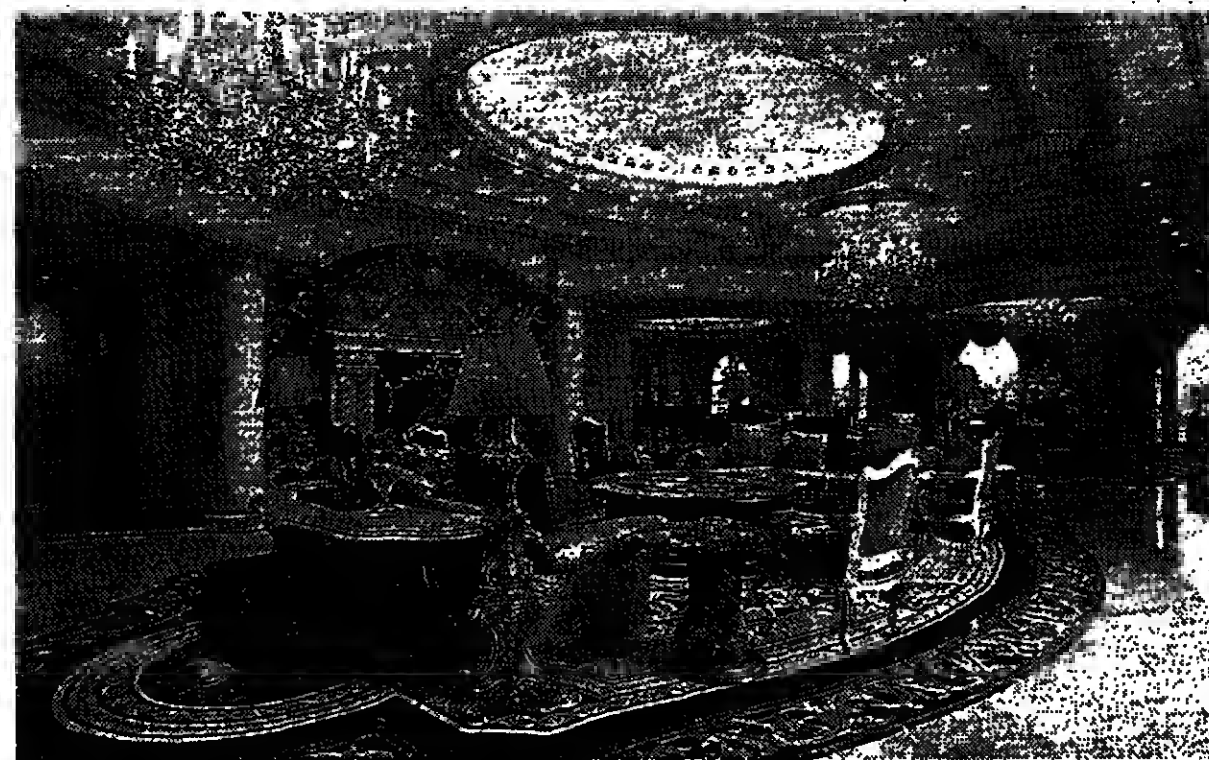
Because so many high-stakes gamblers come from Asian countries, industry executives and Wall Street analysts are trying to gauge what effect Asia's deepening economic crisis will have on the casino business.

"Will the currency crisis beach the whales?" Ms. Farley wrote in a research report.

The president of Caesars Atlantic City, Mark Juliano, said, "Anybody who tells you the economic crisis is not going to have an effect on their business has got to be kidding."

So far, there are few signs that the competition for premium gamblers and whales is slowing. Well-paid marketing executives, or "player development" people, continue to travel around the world, calling on wealthy gamblers, offering them expensive gifts, corporate jets to fly them to the casinos, lavish accommodations, huge lines of credit for gambling and a discount on their losses. Once the gamblers are on the casino premises, 24-hour butlers are at their service, and personal hosts cater to their every need.

The places most frequented by



A suite at the Las Vegas Hilton, where the world's wealthiest gamblers receive invitations to stay.

whales and premium players in Las Vegas are the Mirage, the MGM Grand, Caesars Palace and the Las Vegas Hilton. The whales are not sighted in Atlantic City as often, but the Taj Mahal and Caesars are their preferred destinations there.

"We roll out the red carpet," said Kurt Onchida, spokesman for The Venetian, a \$2 billion Las Vegas hotel and casino that is currently under construction with plans to focus especially on premium gamblers. "These people are treated like princes and royalty during their stay."

One of the most widely recognized and wealthiest whales in the world is Mr. Packer, the media tycoon and financier who is one of Australia's richest citizens.

Other well-known whales include members of Malaysia's Quek family,

which has holdings in real estate, banking and manufacturing; the Saudi arms dealer Adnan Khashoggi, who, according to one casino executive, arrives in town with an entourage that includes his butler and masseuse; and Sultan Mada Hassanah Bolkiah of Brunei, one of the world's richest men. One Las Vegas casino executive said the sultan placed \$250,000 chips all over a roulette table for each spin.

PEREGRINE: Leading Investment Bank Collapses, a Victim of Cronyism and Asian Financial Meltdown

Continued from Page 1

key political mover as the vice-chairman of the ruling Golkar Party. Among other business interests, Mr. Rukmana controls an Indonesian toll-road company, and when he decided to lend her name — and patronage — to a local taxi entrepreneur as part of an equity swap, Peregrine's troubles then began.

The taxi franchise holder is Yopie Widjara, an ethnic Chinese-Indonesian educated in Australia with grandiose plans and a reputation, among those who know him, as a smooth-talking wheeler-dealer.

Philip Tose and Peregrine gave money to Mr. Yopie — lots of it, about \$260 million of cash, in the form of an unsecured bridge loan, as the cost of underwriting bonds in Mr. Yopie's Steady Safe taxi company.

Mr. Yopie had big dreams of becoming "a transportation czar," as one broker put it. His ambition was to create a series of car ferries linking the islands of Indonesia's sprawling archipelago.

Mr. Yopie took Steady Safe public around 1994, and its stock soon soared — particularly after Mrs. Rukmana gave him the Suharto family's tacit seal of approval. Then, to finance his big plans, he decided in 1996 to go to the offshore bond market, and he needed a big-name underwriter.

"He's done a lot of road shows around the world," said an economist in Jakarta who knows Mr. Yopie. "And he sucked in a lot of good investors."

How Peregrine got sucked in by Mr. Yopie is one of the remaining mysteries of the Peregrine saga. His Steady Safe company's stock was high enough at the time to make it seem a good risk.

More likely, it was the Suharto connection, through Mrs. Rukmana, that made Steady Safe seem a steady and safe bet for Peregrine, which had a reputation in Asia for aggressive risk-taking, particularly in the relatively new but lucrative currency and debt markets.

The head of Peregrine's "debt team" is an American, Andre Lee, who came to Peregrine from Lehman Brothers. Under Mr. Lee's direction, Peregrine won the job of selling the "Steady Safe" bonds, after agreeing — incredibly, say rivals in the industry — to underwrite them to the tune of a \$260 million bridge loan. That amount represents a third of Peregrine's capital.

Mr. Lee is described as an aggressive player in the Asian debt, or "dragon bond," market. But they also say that Mr. Lee is no Nick Leeson, a reference to the rogue trader who's secret dealings in Singapore brought down Barings PLC. Mr. Lee's superiors at Peregrine most certainly were involved in all his decisions, analysts say.

"This had to go to Philip Tose — what the hell was he thinking?" said an analyst in Jakarta. "On a strictly financial basis, it doesn't make any sense — unless Philip Tose was up to something else."

The analyst added, "I'm totally baffled."

Another analyst at a risk consultancy said, "I really don't know why they would have done that."

Added another chief researcher with an established brokerage in Hong Kong — one with long experience in Indonesia and who knows Mr. Yopie and the other players well: "Steady Safe was a company backed by Suharto's daughter."

"It's a classic financial mania," he said. "You live in a little world of greed, and everybody around you is interested in spinning the story to make the greed sound like a good investment."

For Peregrine, the story started spinning out of control when the financial crisis hit Asia last summer. Peregrine was stuck with bonds no one wanted to buy, as their traditional Asian investors turned away.

And then in July, the Indonesian government lifted the trading ban on the rupiah — in effect a devaluation following Thailand's move — and the bottom immediately fell out of the currency. From 2,400 to the dollar last summer, the rupiah is now over 8,000 — meaning

Steady Safe could never be able to repay its "bridge loan" to Peregrine.

Steady Safe stock is now virtually worthless, from a high of 3,240 rupiah per share a year ago to about 300 per share now — in dollar terms, a plunge from \$1.37 then to 3 cents now.

No one can say for certain where the \$260 million to Steady Safe actually went. Hong Kong government officials said they had studied the case of Peregrine's collapse, and so far felt that there was no malfeasance or illegality — simply a case of a firm going bankrupt after making a single bad bet.

"There's no rogue trader," said the territory's financial secretary, Sir Donald Tsang.

Others are not so sure, and questions are likely to persist. Among them are what did Peregrine's managers know and when did they know it? Exactly what did the \$260 million go for? And was it legal for Peregrine — which is not a bank, but a brokerage and an investment house — to make the loan to Steady Safe in the first place, since under Hong Kong law, only banks can make loans?

Under U.S. law, it is also a crime to mislead investors, and a financial analyst questioned whether the managers of Peregrine might be liable, since one of Peregrine's biggest creditors is First National Bank of Chicago.

Until the weekend, Mr. Tose and others were insisting that Peregrine was solvent.

"This is a public company that misused the shareholders' funds in such a staggering way," an analyst said. "It's not just a financial tragedy, but a legal travesty."

On Monday, Hong Kong's chief executive, Tung Chee-hwa, tried to calm local fears that Peregrine's collapse could signal a meltdown of Hong Kong's banking industry, with many local finance houses similarly facing heavy exposure in hard-hit Southeast Asia.

"It's not a bank, per se," Mr. Tung said. "It's a securities and investment firm. So what happened does not have much impact on Hong Kong's banking structure."

British Doctors Say Raw Meat Is Dangerous

Agence France-Presse

LONDON — The British Medical Association warned Monday in a report to members of Parliament that all raw meat should be considered infected and a possible source of food poisoning.

"The current state of food safety in Britain is such that all raw meat should be assumed to be contaminated with pathogenic organisms," the report said.

It said that the number of cases of food poisoning was at its highest ever in 1997, with 1 million people infected by salmonella or E. coli bacteria and 200 people dying as a result.

"The only safe approach for the food industry and general public is to treat all raw meat as infected and adopt universal precautions in handling and cooking raw meat," the report said.

The warning comes just days before release of a government study on a proposed new food-control agency in light of fears of "mad cow" disease spreading to humans and epidemics of salmonella and E. coli poisoning.

It also follows a government ban on beef on the bone because of new fears that mad cow disease, or bovine spongiform encephalopathy, can be transmitted through bone and marrow.

The BMA report said the public should be given more information on cooking meat especially when using microwave ovens.

Herd Slaughtered in France

A herd of 135 cows in northwestern Normandy was slaughtered over the weekend after one of the animals was discovered to have mad cow disease, Reuters reported Monday from Rennes, France, quoting the Agriculture Ministry.

It was the 32d case of mad cow disease recorded in France since 1990 and the first this year.

MARKETS: Asia Stocks Take Pounding

Continued from Page 1

Dow to its lowest level in two months, quickly drew bargain-hunters into the market. By the end of trading, the Dow was 66.76 points higher at 7,847.18.

Across Europe, most major stock indexes fell 2 percent to 3 percent before being pulled back from their worst losses, Reuters reported. (Page 13)

Global bonds gained as investors switched into fixed-income securities from stocks, with benchmark yields across Europe setting new lows and the 30-year U.S. Treasury yield touching its record, Bloomberg News reported.

In Asia, the Indonesian rupiah led a fall of regional currencies by dropping as much as 12 percent and dragging the Thai currency to a new low against the dollar. The Malaysian ringgit and Singapore dollar also fell.

Fear of speculative attacks on the Hong Kong dollar and a sharp rise in prime lending rates in Hong Kong also undercut the stock market there.

The higher rates will hurt companies with loans outstanding. They were raised to 10.25 percent Friday, but they could be lifted even further if the Hong Kong dollar, Asia's last dollar-pegged currency, comes under speculative attack.

The foundering of Peregrine, along with the decline Friday in U.S. markets, combined to bring down the Singapore stock index by 8 percent, the Taipei index by nearly 5 percent and the Tokyo index by 2 percent, traders said.

Singapore stocks were also pulled down by worries about further economic and political turmoil in nearby Indonesia, the traders said. While sentiment swayed Taiwan stock players on Monday, analysts in Taipei said the island's economy was dynamic enough to withstand the changed circumstances.

"Taiwan's economic growth relative to the region will be good," said Liu Ching-huei, head of research at SBC Warburg Dillon Reed in Taipei. "But in absolute terms, not even the United States will escape at this point."

He added that the Taiwan dollar was not likely to depreciate against the U.S. currency and that the 10-day Chinese New Year holiday, starting Jan. 23 would help restore calm to Taiwan's markets.

But some warned that with a sharp Asian economic slowdown under way, there was plenty of room for stocks to fall. "Hong Kong and Taiwan both went down today for all the right reasons, and those reasons will persist long after Peregrine drops out of the headlines," said

Bill Kaye, managing partner of the Pacific Group's Asian Hedge Fund. Mr. Kaye said both Taiwan and Hong Kong faced an erosion of competitiveness in export markets because their currencies had remained strong relative to those in the rest of the region. They will both also suffer from a slowdown of the Chinese economy, he added.

The two bright spots among the region's equity markets came in the countries that have faced the most precipitous decline in currency values: South Korea and Indonesia.

Seoul stocks rose for the ninth time in 10 days on hope that the country is emerging from its financial crisis as the government and international creditor banks hammer out a debt refinancing agreement. The Jakarta Stock Exchange was lifted 2.1 percent as President Suharto met with Stanley Fischer, deputy managing director of the International Monetary Fund.

Firm Sees Market Bottoms

Morgan Stanley, Dean Witter, Discover & Co.'s top strategists said world markets might be close to bottom, even as economic turmoil in Asia continues, Bloomberg News reported.

"Many markets are down 90 percent or more since the crisis began," said Barton Biggs, the firm's chief global strategist, during the firm's Monday strategy session in New York. "This financial panic indicates to me that the bear market is in its final stages — since historically, market breaks usually don't run more than 90 percent, even in the biggest bubble markets."

Mr. Biggs said he would not recommend buying Asian stocks yet. "Some time this week or next, I think some great buys will surface in Asia," he said. "Although we are probably still in the eye of the storm at this point, and it is too early to buy aggressively."

It is not too early to buy U.S. stocks, said Byron Wien, Morgan's director of U.S. investment strategy. In the same meeting, he recommended energy, financial and technology stocks.

"The U.S. market is getting to look cheap on valuation measures," he said. Mr. Biggs does not share Mr. Wien's optimism about the U.S. market. He said markets in the U.S. and Europe could decline 20 to 30 percent from their highs as corporate failures in Asia slowed worldwide economic growth.

Philip Segal in Hong Kong contributed to this report

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Style

TOMORROW
STAGE



From left: Jil Sander's short-felted coat and canvas pants; Gianfranco Ferre Studio's soft tailored jacket (top); Cerruti's industrial nylon and flannel parka (middle); and Emporio Armani's silver-flashed raincoat and soft pants (bottom); Dolce & Gabbana's thick, light coat and low-slung pants; and Valentino's velvet suit.

By Suzy Menkes
International Herald Tribune

Light and Heavy in Milan Menswear

Heavyweight Designers Turn to Featherlight Fabrics

MILAN — The thick, felted, but featherlight fabrics that are dominating the new menswear season are a metaphor for what is going on in fashion.

Although Italy carries its clout lightly, it is now indisputably fashion's international heavyweight. When Calvin Klein of New York puts his fall men's collection on the Milan runway on Wednesday, it will be proof that a designer who wants the global consecration of media and buyers has to show during the Italian season.

The night of the country's fashion was shown over the weekend, when an emotional Valentino announced his \$300 million deal with the Italian holding company HDP, whose GFT division produces his line. The marriage is intended to create a global fashion business to rival French luxury companies.

Another significant event has been the defection of Jean Paul Gaultier and the Belgian designer Dirk Bikkembergs from Paris. The increasing internationalization of the Italian shows means that Donna Karan is in town with her menswear collection, and the German-based Jil Sander had the opening slot in the Monday showings.

What is the secret of Italy's success? Whereas the manufacturing machine

that rolls out high-quality clothes for international designers tends to make the Milan women's collections beautiful but bland, paradoxically it has a beneficial effect on creative menswear. What might be weird turns elegant.

Sander proved that with the sophisticated simplicity of her collection. Working in felted fabrics as thick and misty as a cumulus, and in shades of cloud gray, she streamlined the short coat, the round-collared jacket and once lumpy tweeds into linear shapes and subtle mixes of color and texture.

Sander referred to inspiration from the experiments in felt by artist Joseph Beuys. But her clothes were the opposite of stiff sculptures: pieces that moved with the body when a jacket was short-light or fastened high at the breastbone, or when coats were sliced at mid thigh. Bucking a Milan trend, she showed narrow pants which gave the khaki pieces an uncomfortably military air; but cream cotton canvas pants and sporty jackets had an easy lightness and the monochrome palette, in subtly changing tones

of blue and gray, gave depth to the simple, modern clothes.

Dolce & Gabbana offered a very fine take on fabrics as thick as felt but as light as thistledown. Playing with proportions, they created a close-to-the-torso top half above pants that circled the hips in a tight embrace, before loosening up below. The result was cheeky and sleek, even when different tweeds made a stout patchwork of pants. That fabric mix was part of an homage to traditional menswear. It could mean anything from classic pinstriped suiting to a sweater traced with embroidered flowers.

"We wanted to make clothes to our personal tastes — what we want in our own wardrobes," said Stefano Gabbana backstage. Among the covetable looks were thick, light alpaca sweaters in dominating gray shades; jackets molded to the torso with two high buttons; short fitted coats in tweed or shiny leather. All were shown with velvet, or even pin-striped, flat masks that gave a funky touch.

Valentino's story was seduction, and his prose was purple. Out of shadow pools

into the spotlight stepped sultry figures in ink blues and violets: deep-pile velvet suits; swagging talco coats flashing purple linings; necks nestling in funnel collars. "Individuality is uniformity" was the obscure message projected across the ever-changing images on the backdrop.

If the urban sexiness and the style of presentation gave a nod to Gucci, Valentino made the look his own by cutting the silhouette, and especially the pants, close to the body and making all the decoration linear, from the stripes furrowing knits, through the herringbone tweed coats and classic pinstriped suits.

"Skinny but elegant," said Valentino, as he and his partner, Giancarlo Giammetti, received congratulations backstage for the financial deal that the designer said made him "feel great."

Krizia's Aldo Pinto voiced the anxieties of managers in the luxury fashion business about what will happen to the lucrative Asian market. Krizia made its come with knitwear, and that remains

the most creative part of the collection with sweaters given textured effects or boldly outlined camouflage markings. They were inspired by a down-in-the-forest theme that also brought moss-green velvets and mohairs. The unifying story of disparate menswear elements was comfort.

Cerruti's mix of the industrial and the luxurious didn't quite come off, although soft flannels lining laminated parkas literally gave the clothes an edge. Other contrasts included soft sweaters with tough cargo pants, a luxurious camel coat with a hairy brushed surface and Velcro fastenings on tailoring. Shades of (you guessed it!) gray pulled the show together.

Giorgio Armani put his Emporio Armani and jeans line on the runway Monday, in order to emphasize the whimsical, sporty style that distinguishes it from his main collection. Slouchy pants, dark-hued velvets and wrapped knits, and shirts cut asymmetrically with a slit neck gave a taste of the vast collection that will be showcased when Armani opens his

new store in Paris on the Rue de la Harpe next week. Gianfranco Ferre, who is celebrating 20 years of his label in 1998, showed on Sunday the Studio line he creates for textile giant Marzotto. A symphony of touchy-feely gray tailoring, rustic country browns and short sporty coats showed Ferre at his best: creating sportswear without fussy details.

Since Ferre gave up his role at Dior in Paris, he has concentrated on expanding his Milan business, according to Silvano Storer, the chief executive of Marzotto, who said that the company was taking "the consumer as the reference point."

There is sober, business-conscious Italian fashion. And then there is Vivienne Westwood, going her own sweet way as a perennial fashion subversive who sees men entirely as sex objects.

Well, why not? Maybe it is time that men had the tables turned on them by being forced to show a leg in pants curved to the thigh or the ankle. ("Comedy" or "tragedy" trousers, Westwood called them, with English irony.) Much of what she shows is too much: the plumed headgear, the Venetian mask makeup, the snuff-snorting models and the spangled shirts and underpants. Yet there is a bravura to her shows that occasionally comes off as a swashbuckling coat or an impeccably tailored jacket. That is when madcap British design is tranquilized by a shot of Italian fashion sanity.

Raf Simons: A Versace Possible?

MILAN — Six months after the killing of Gianni Versace, his sister Donatella has approached Raf Simons, 29, a hip Belgian menswear designer who is one of fashion's rising stars.

According to sources in Belgium, a deal for Simons to contribute his edgy tailoring to the Versace design studio could be struck by the end of the month, after the designer presents his menswear show in Paris on Jan. 23. But a spokesman for Versace said that such speculation was unfounded.

Contacted at his Antwerp studio on Monday, Simons said that discussing an appointment was premature, that the idea of working with Versace "interested him a lot," but that it was too early to say when and if plans would be concretized or even which of the several Versace menswear lines was under discussion.

Although Simons's provocative look, with sty references to punk and to classic English schoolboy uniforms, might seem too downtown for the glam-rock Versace label, it could be a smart move to tap a designer who would reflect the style of a coming generation.

Simons is also a sensitive and sophisticated tailor who cuts "the perfect modern pants," according to the designer boutique-owner Maria Luisa



From Simons's summer collection.

Poumoullou, whose new Paris men's store will focus on his line.

The Belgian designer is not one of Antwerp's fashion college graduates who have become a design force in the

1990s. He studied industrial design and graduated in furniture, which brought him into contact with Belgian fashion's Walter Van Bieerendonck.

Simons, who says he has "a lot of respect for traditional clothing," approached a revered Antwerp tailor and learned from him how to cut a silhouette close to a slight boyish frame, rather than to the bold, muscled body shape more typical of 1980s menswear, when Versace made a broad-shouldered impact.

Starting in a small way three years ago, Simons set up and financed his own company, which he says he wants to keep whatever the outcome of negotiations in Italy.

"The most important thing for me is that I keep the possibility to do my own thing as it is at the moment," Simons said. "It is also important for me that there is a certain kind of luxury in the technical things."

Versace's current menswear is produced by Donatella Versace and her husband, Paul Beck, working with a team of designers.

A source in Antwerp suggests that Simons and fellow Belgian women's wear designer Veronique Branquinho could have been approached jointly, but there seems no evidence for this.

Suzy Menkes

CROSSWORD

ACROSS

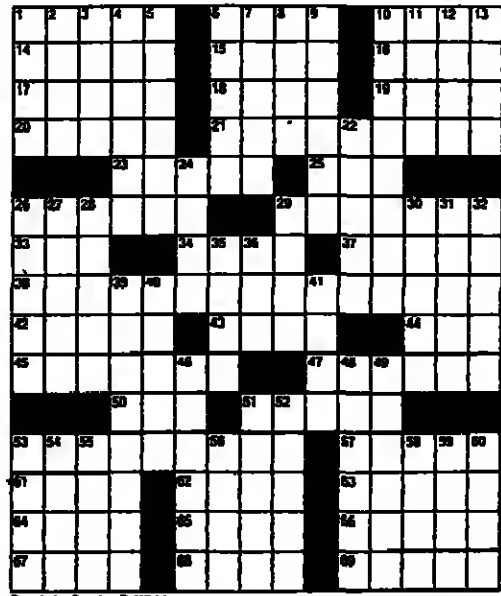
- 1 Setting for the limo in today's theme
- 6 Brick material
- 10 Cutting remark
- 14 Tilted
- 15 Bonheur or Paris
- 16 Birthplace of seven Presidents
- 17 NASA satellite launcher
- 18 Thomas Moore's land
- 19 Indicates ascent
- 20 Begin's peace partner
- 21 Oral Roberts University site
- 23 Tarzan portrayer
- 26 Request sweeter
- 28 Entertained
- 33 Physics unit
- 34 Elephant Boy of 30's film
- 37 Hippodrome
- 42 Contemptuous look
- 43 Certain Ford, for short
- 44 Call — day
- 45 Saw-toothed

DOWN

- 2 Reducers
- 3 Mid-afternoon on a sundial
- 6 Luxurious
- 7 "— we forget"
- 8 Iron
- 9 Frankie who sang "Moonlight Gambler"
- 11 Gardening tool
- 12 German industrial region
- 13 Union leader John L. —
- 14 Growing outward
- 15 Six-Day War leader
- 16 "Sigh!"
- 17 Spell-off
- 18 Birthright
- 19 Hiker's spot
- 21 Org. that defends the Bill of Rights
- 22 Layered
- 23 Manor
- 24 Sunglasses
- 25 Propose
- 26 City on the Nile
- 27 Ear part
- 28 Person with fans
- 29 Counting method
- 30 Jupiter's wife
- 31 Cat
- 32 Scat lady
- 33 "Don't move!"

Solution to Puzzle of Jan. 12

FUSE RAIN SILENCE
ONLY RAIN LUCAS
OTON ENTHRESE
DOWN IN THE MOUTH
LOG ISR
UP IN THE AIR BAAS
TOMBA LUTE DILL
TRUSS IDA SALAD
ETS PHIL CLARE
REEL OUTOMALIMS
ANN EMS
RESIDETHEPOINT
LEAST ARID UHON
EERIE TILL LOVE
ISLE SOLE SPIAN



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In Germany, Voicing Fear Over Euro

Petition Urges Court
To Halt Participation

By Alan Cowell
New York Times Service

BOON — In a quixotic tilting at the great windmill of Chancellor Helmut Kohl's most cherished vision, a prominent group of lawyers and former bankers petitioned the country's highest court Monday to prevent Germany from joining Europe's proposed single currency, the euro.

Legal experts gave the 300-page petition — handed to the doorman at the Constitutional Court in Karlsruhe — little chance of success. But its arguments nonetheless crystallized the peculiar ambivalence in German attitudes to the idea of abandoning the German mark — 50 years old this year and the emblem of postwar prosperity and security.

Mr. Kohl has steamrollered the idea of European monetary union as the centerpiece of his diplomacy, insisting that the creation of a euro transcending national frontiers will guarantee the continent the peace in the 21st century that eluded it so conspicuously in the 20th.

But many Germans have much less faith, opinion polls show, fearing that with the euro, they will trade a currency based on Europe's traditional powerhouse for one that is prey to the vagaries of other participant economies perceived as less robust — notably that of Italy, where Germans would rather spend their vacations than their savings.

Monday's court petition was a particularly timely reminder of those concerns before European Union leaders meet in May to finalize the list of participants.

Before then, European officials in Brussels are to report in March on which would-be participants have met the union's economic criteria for membership. The linkage of European currencies in a euro zone is to begin in a year, although the mandatory use of euro notes and coins is not scheduled to start until 2002.

The petition, drawn up by four plaintiffs, argued that the economic criteria had not been met in Germany and that the introduction of the euro would infringe basic German constitutional rights to economic stability.

Additionally, it said, by ceding chunks of national economic sovereignty to a proposed European central bank, the introduction of the euro would counter the constitutional right of Germans to "substantial representation" of their interests by Parliament.

The Constitutional Court is the final arbiter of issues relating to Germany's Basic Law — the postwar constitution — and has endorsed such major issues as the deployment of German troops outside the NATO area, and, in 1993, the legality of the European Union's Maastricht Treaty, which enshrined the proposal for the euro and the economic criteria for participation.

The petition was the fourth of its kind to be lodged with the Constitutional Court but is by far the most publicized. The plaintiffs include Karl Albrecht Schachtschneider, a law professor from Nuremberg, and Wilhelm Nolling, a former council member of the Bundesbank, Germany's central bank.

In the petition, they argue that the euro will mean an effective devaluation of Germany's money, even greater unemployment than the record 4.5 million recorded last week and immense cash transfers to poorer euro countries to sustain their economic viability.

The petition seeks a temporary injunction to block Germany's participation — crucial to the entire venture. "We are seeking this ruling to prevent the government from deciding to join the European monetary union in May," Mr. Schachtschneider told reporters. It was not clear when the court would respond.

According to a newspaper report, the text of the petition is soon to appear in less legalistic form — as a paperback book.



The plunge in Hong Kong stocks rattled nerves Monday from Asia to Europe. The key indexes in London, Frankfurt and Paris all ended lower.



Where's the Asian Action Happening? New York

Economic Crisis Is Reversing Perceived Decline of the City as a Global Financial Center

By Kirk Johnson
New York Times Service

NEW YORK — The Italian, British, Japanese and American investment bankers who met last week around a conference table at Citicorp headquarters in Manhattan had at least two things in common: an abiding interest to the economic crisis in Asia, and the belief that the most logical place to talk about it was New York.

That New York would become central to the Asian story, economists and international trade experts say, was neither obvious nor predictable. Banks in Japan and in Europe have more exposure to debt from troubled countries like South Korea, Thailand and Indonesia — and thus more at stake — than banks in the United States. The International Monetary Fund, which is supervising the bailouts in those countries, is based in Washington.

And yet the Asian crisis, at least for now, is being principally addressed not in Tokyo or London or Hong Kong, but in the corporate canyons of Manhattan. The strength of the dollar and the stability of the U.S. economy, the longstanding political relationships between the United States and Far Eastern nations, the staggering profitability of

America's biggest investment houses — almost all based in New York — have all contributed to a single, shared global insight: New York is where the money is.

The decline of world political tensions since the end of the Cold War has been a factor as well, experts say. A crisis that would once have raised the highest levels of alert within the State Department has been seen, in the 1990s, as simply an economic crisis and therefore more the concern of the capitalists in New York than the diplomats in Washington.

"The money is being more controlled now, and it's being controlled by New York," said Anthony DeCaro, an independent international trade consultant who has worked with many Asian governments.

There is a certain sweet irony for the city in all this. For many years, New York has supposedly been doomed to a future as one among many financial capitals. But the Asian crisis has highlighted the continued importance of a central economic hub. Government officials in South Korea could have gone anywhere for their economic hired guns, but they chose New York-based Goldman, Sachs & Co. and Salomon Smith Barney as their official advisers.

"We're in a very unusual position," said Jeff Bahrenburg, a global strategist and first vice president at Merrill Lynch. Eventually, he said, other financial centers and nations, especially Japan, will return to greater influence. "But in the interim it's going to force companies to come here to get financing," he said. "New York will be the main center."

Economists and financial experts are divided about what this might mean for the city, mainly because Asia's turmoil is so volatile and its implications so mixed.

Some New York-based banks, for example, have already been hurt by bad Asian loans. Sales to investors of international stocks and mutual funds are expected to decline, and tourism from Asia to New York has slowed to a trickle. Companies that import goods from South Korea have been hit by crosscurrents: Imports are cheaper because of the currency changes, but Korean producers are more anxious for payment. At the same time, their sales here have shrunk because their customers, Korean immigrants, have been sending millions of dollars to relatives back home.

But the major potential effects on the city, the experts say, are all yet to come — it is simply too early in a rapidly

evolving story to detect them. The important thing, they say, is that New York is in the game and calling the plays.

Some firms may get a windfall from the billions of dollars in fees that are expected from bond sales, restructured debts and rewritten legal trade agreements.

For example, Coudert Brothers, a law firm based in New York and specializing in international trade, has already seen an increase in business, mainly from export and import contracts that have suddenly had to be amended.

The volatility of the world's money has also boosted activity at currency trading desks, where billions of dollars change hands on fractional changes to values. Opportunities have also emerged for companies with profits to invest. Merrill Lynch recently expanded its presence in Asia by buying some assets of a big Japanese investment house.

"There is potential for a lot of positives," said Richard Strauss, a financial services analyst at Goldman, Sachs who follows the securities industry. He said one of the main effects of the Asian crisis in the United States, falling interest rates, might cause a boom in re-

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In Europe, Stocks Trim Their Losses

Wall Street Rally Eases
Market Jitters Over Asia

Compiled by Our Staff From Dispatches

LONDON — European financial markets breathed a sigh of relief Monday as U.S. investors took only passing notice of an overnight rout in Asian stock markets.

The Dow Jones industrial average opened with losses of more than 100 points but soon pulled back and dragged European exchanges up from their worst losses. By the time European trading closed, New York was down just 33 points, or 0.44 percent. At the close, the Dow had rebounded to show a gain of 66.76 points at 7,647.18.

"The market is groping for direction here," said Chris Dickerson, market analyst at Global Market Strategists in New York.

He called the market oversold and said that, barring any major bad news from Asia, there should be some sort of relief rally during the kick-off this week to the earnings season.

Analysts believed Wall Street's sanguine reaction to overnight bloodletting in Asia was crucial and helped calm jangled European nerves.

London, Europe's biggest bourse, reacted by pulling back from falls of almost 3 percent to close 1.33 percent lower.

In Germany, shares went into free fall at the start of trade and fell over 4 percent at one point before Wall Street gave Frankfurt some backbone and the main DAX index recovered slightly to close 3.53 percent lower for the day.

In Paris, the main CAC 40 index, which was down around 3.5 percent earlier, managed to claw its way back to end with a loss of 1.96 percent.

Europe's share sell-off was sparked by torrid trading in Asia's already battered markets, some of which shed more than 10 percent of their value at their lowest point, after Peregrine Investments Holdings Ltd. of Hong Kong said it was filing for liquidation.

Bonds were the main beneficiaries of the Asian rout as investors fled to safety. British gilts set a fresh high of 124, up 23/32, helped by relatively benign British economic data.

Russian stocks fell 14 percent Monday to hit their lowest level in 10 months as foreign investors, shaken by a new wave of losses in Asia and the United States, pulled out of the Russian market.

The sharp drop caused regulators to suspend trading an hour before Monday's close. The session resumed a half hour later for the final 30 minutes of trading. (Reuters/AP)

Thinking Ahead / Commentary

The Euro Will Wonderfully Focus Americans' Minds

By Reginald Dale
International Herald Tribune

WASHINGTON — Anyone who has tried to explain the rule of cricket to an American will know the glazed look of incomprehension that usually settles over the listener's features about 20 seconds into the exercise.

To people raised on baseball, the revelation that cricket requires two batters to be on the field at the same time seems not only bewildering but somehow anti-American.

The same kind of mental blockage tends to afflict Americans confronted with the procedures and institutions of the European Union, which may echo but are in fact quite different from methods of governance known in the United States. And it happens in the best of circles.

It is said that if White House schedulers had had their way, the most recent six-monthly EU-U.S. summit meeting — which took place unobtrusively in Washington in December — might never have happened at all.

The keepers of the Oval office agenda could not see why President Bill Clinton should spare any time for the two EU leaders — Jacques Santer, president of the European Commission, and Jean-Claude Juncker, president of the European Council — who both happen to be from Luxembourg.

The story may be apocryphal. But the point is that it is completely believable — and not just because of what it says about Washington. Other than in trade, in which it is already a superpower, the EU has largely failed to demonstrate to most Americans why they should take it seriously.

That is a failing that Tony Blair, the British prime minister, is promising to start to rectify in the coming six months, during which his country will hold the rotating EU presidency. It will be an uphill battle.

It is astonishing that many Americans are only now beginning to understand that the EU is actually about to introduce a single currency in less than a year's time, although the plan was formally agreed over six years ago.

Similar American skepticism has dogged the EU's determination to expand into Central and Eastern Europe, for which negotiations are to begin this spring, following a commitment to EU enlargement announced in 1993.

Both these developments are of colossal historic significance and vitally

important to American economic and security interests. Yet many Americans have stubbornly refused to believe the EU's repeated statements that they are going to happen.

Part of the American blind spot reflects the Washington policy establishment's continued attachment to a politico-military world view that haughtily but wrongly dismisses the EU's activities as purely economic — and thus less worthy of interest.

It is true that if one judges the EU only by its politico-military achievements, in Bosnia, for example, or in its efforts to forge a common foreign and security policy, one might find it hard to believe that it could organize itself efficiently for any task.

The EU has also fostered an image of squabbling and indecision by chronic procrastination on such important issues as how to prepare itself for the arrival of the new Central European members.

The main point, though, is that Americans are quite rightly interested in power, and they are aware that, outside the trade field, power still largely rests with the member governments, not the EU institutions. That, however, is about to change.

With the single currency, Europe will for the first time since World War II have a high-stakes chip it can place on the international poker table as a counterweight to the dollar. That is something Americans should find easier to understand than a game of cricket.

Japan Revises Debt Figures

New York Times Service

TOKYO — Japan disclosed Monday that its banks are saddled with \$580 billion in bad or tarnished debt, perhaps more than double the sum previously disclosed, underscoring the fragility of the world's second-largest economy.

In addition, the government nearly tripled its estimate of absolutely unrecoverable debts held by banks, the worst category, to \$87 billion, from a figure that it had disclosed just three weeks ago.

But the government contended that most of the tarnished loans were "safe" and would probably end up being repaid, and it asserted that outside analysts and the markets have greatly exaggerated the scale of the problem.

While the estimate of unrecoverable loans raised questions about the government's math, even the latest figure was meant to be reassuring because the \$87 billion estimate would be tolerable for a banking system as vast as Japan's. Indeed, that amount represented only 1.8 percent of the nation's \$2.5 trillion yen (\$4.7 trillion) in outstanding loans.

CURRENCY & INTEREST RATES

Jan. 12									
Cross Rates									
	U.S.	DM	FF	Yen	GBP	Swiss	French	Italian	Spanish
Australia	1.54	1.54	1.54	1.54	1.54	1.54	1.54	1.54	1.54
Canada	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Denmark	6.46	6.46	6.46	6.46	6.46	6.46	6.46	6.46	6.46
France	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
Germany	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Italy	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Japan	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00
Netherlands	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20
Sweden	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46
Switzerland	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
United Kingdom	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63
United States	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Other Dollar Values									
Canada	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
France	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
Germany	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Italy	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Japan	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00
Netherlands	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20
Sweden	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46
Switzerland	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
United Kingdom	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63
United States	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Forward Rates									
Canada	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.71
France	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
Germany	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Italy	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Japan	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00
Netherlands	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20
Sweden	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46
Switzerland	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
United Kingdom	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63
United States	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Microsoft Lawsuit: What's at Stake?

By Steve Lohr
and John Markoff
New York Times Service

NEW YORK — Microsoft Corp.'s final chance to avoid being dragged into court by the U.S. government came Oct. 16, when the Justice Department summoned the company's legal team to Washington. For 90 minutes the lawyers were interrogated by Joel Klein, the assistant attorney general in charge of the Justice Department's antitrust division, and his staff.

The Microsoft team, led by William Neukom, senior vice president for law and corporate affairs, detailed the business and legal reasons for the company's requiring personal-computer makers to ship its Internet browsing program, Explorer, as a condition of licensing its industry-standard Windows 95 operating system — and why Microsoft was intent on continuing that practice.

But to the Justice Department, the product bundling seemed a clear violation of Microsoft's 1995 consent decree with the government, which prohibited tying the sale of one product to another.

Mr. Klein said he left the Oct. 16 meeting convinced that Microsoft would not budge and would not address the government's concerns. Four days later, Attorney General Janet Reno, with Mr. Klein at her side, announced that the government was suing Microsoft.

The government's suit has escalated into a bitter battle — and a bruising experience for the company. In recent weeks, Microsoft, usually so sure-footed, has appeared at times to be throwing a temper tantrum, picking fights with a federal judge and the Justice Department.

Microsoft's combative stance has prompted such a backlash in the industry, the press and among computer users that even its own executives acknowledge has blighted the company's good name.

As the courtroom confrontation resumes Tuesday, the question remains: Why is Microsoft taking such a hard line? To find the answer, go back to the summer of 1994, before the Internet was a household word, long before there was a market for browser software.

In 1994, after four years of government scrutiny, Microsoft, the Justice De-

partment and Europe's antitrust authorities were poring over a proposed consent decree that focused mainly on slightly altering Microsoft's licensing practices.

On July 13, 1994, Microsoft's legal team was in Washington going over the language of the decree. The draft of the settlement terms said that Microsoft would be prohibited from tying the use of one of its products to another. But the provision in the decree included the qualification that "this shall not be construed to prohibit Microsoft from developing integrated products which offer technological advantages."

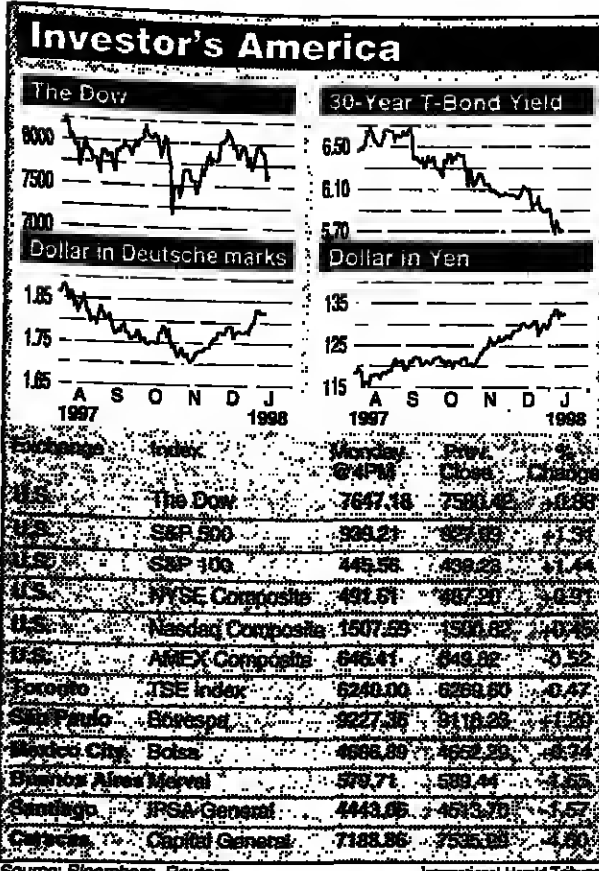
At 10:30 P.M., Bill Gates called the company's general counsel, Mr. Neukom, and the head of the company's outside legal team, Richard Urowsky, a partner of the firm Sullivan & Cromwell, at a Washington hotel. Mr. Gates demanded that the last four words — "which offer technological advantages" — be stricken from the decree.

Mr. Gates, according to Mr. Urowsky's account in a court deposition, successfully insisted "that Mi-

See MICROSOFT, Page 15

THE AMERICAS

Computer Stocks Lift Wall Street Out of Asian Turmoil



Very briefly:

- Lindt & Spruengli AG of Switzerland confirmed that it bought the U.S. chocolate maker Ghirardelli Chocolate Co. from Dallas-based Hicks, Muse, Tate & Furst Inc. It did not disclose the price.
- NationsBank Corp.'s fourth-quarter profit rose 29 percent, to \$818 million, as its acquisitions of Boatmen's Bancshares Inc. and Montgomery Securities Inc. fueled increases in loans and fees.
- Medtronic Cos. will buy Cobblestone Holdings Inc., a golf course company, for \$395 million in stock and assumed debt.
- The Securities and Exchange Commission directed American public companies that have substantial computer expenses linked to the "Year 2000 bug" to disclose this spring their costs and plans for fixing the problem.
- Unisys Corp. must defend itself against a fraud lawsuit filed by Ceska Sportelna AS, a Czech bank, after the U.S. Supreme Court rejected an appeal in the case. The court refused to overturn a lower-court decision forcing Unisys to face charges of failing to deliver on a \$155 million contract to supply a computer system to Ceska.

Weekend Box Office

LOS ANGELES—The "Titanic" dominated the U.S. box office over the weekend, with a gross of \$29.2 million.

1. Titanic	(Twentieth Century-Fox)	\$29.2 million
2. Good Will Hunting	(Miramax)	\$10.3 million
3. As Good As It Gets	(TriStar)	\$9.2 million
4. Wag the Dog	(New Line Cinema)	\$8.2 million
5. Tomorrow Never Dies	(United Artists)	\$7.5 million
6. Memento	(DreamWorks)	\$5.0 million
7. Firstborn	(Twentieth Century-Fox)	\$4.0 million
8. Jackie Brown	(Miramax)	\$3.8 million
9. Scream 2	(Dimension Films)	\$4.5 million
10. Antz	(DreamWorks)	\$2.7 million

U.S. Stocks

NEW YORK—U.S. stocks rose Monday for the first time in five days as investors snapped up beaten-down computer shares and influential Wall Street analysts suggested that the impact of Asia's troubles on U.S. corporate troubles would be muted and might offer buying opportunities soon.

Intel and Microsoft led the market's rebound from losses early on that were fueled by rumbling Asian markets.

Stocks were helped by positive comments from Abby Joseph Cohen, a stock strategist at Goldman, Sachs & Co., who has been correctly bullish through the past three years' rally in stocks. Barton Biggs, chief global strategist at Morgan Stanley, said the bear market in Asia may be in its final stages, and Byron Wien, Morgan's U.S.

U.S. Stocks

strategist, urged investors to buy U.S. stocks "selectively."

The Dow Jones industrial average rose 66.76 points to 7,647.18, after sliding as much as 137 points early in the session. The New York Stock Exchange imposed its "downward" rule at 1:14 P.M. Eastern time when the Dow rose 50 points. The rule curbs computer-guided trading in an attempt to limit volatility.

The technology-heavy Nasdaq composite index was quoted up 4.37 points at 1,507.59.

U.S. Court's Tax Decision A Blow to Multinationals

WASHINGTON—The Supreme Court refused Monday to take a case involving taxes for multinational companies, leaving intact a lower court ruling that could cost dozens of companies hundreds of thousands of dollars a year in additional U.S. taxes.

The court turned aside arguments by Bowater Inc. that it should decide a dispute over how international companies account for interest expenses when they figure how much income is subject to U.S. taxes and how much is assigned to foreign operations.

Bowater had challenged a federal appeals court's ruling in New York that effectively raised a company's U.S. taxes by cutting the amount of income that is credited to overseas sales.

In Bowater's case, the dispute involved \$390,000 in contested tax liability after the Internal Revenue Service challenged the way the South Carolina paper manufacturer calculated interest expenses that were allocated to two subsidiaries.

The IRS said Bowater's method wrongly provided extra tax breaks under a program designed to encourage export sales.

The National Association of Manufacturers and the National Foreign Trade Council, trade groups representing hundreds of major companies that sell goods abroad, supported Bowater's unsuccessful

petition. They said that the issue had broader significance since the same interest-expense controversy plays a role in a number of other common tax calculations.

Under the accounting methods demanded by the IRS, and backed by the appeals court's ruling in Bowater's case, the groups said companies with foreign sales would generally pay higher taxes and would get smaller foreign tax credits or reduced benefits under some other federal tax-incentive programs.

The IRS defended its interpretation of the tax law and urged the Supreme Court to turn down the appeal because the Treasury Department has imposed new regulations that more clearly require the kind of accounting methods imposed on Bowater.

The dispute involved the proper way to calculate the size of a company's deductions for the amount it spends for interest on borrowed money in cases where a U.S. business must divide its income and business expenses among domestic and foreign sales operations.

The IRS says companies must take their total, or gross, interest payments and then allocate those expenses among domestic and foreign revenues.

Bowater and the trade groups said the calculations should instead be based instead on net interest expenses.

U.S. Stocks

technology stock research at American Express Financial Advisors in Minneapolis.

Seventeen stocks fell for every 13 that rose on the New York Stock Exchange, where about 700 million shares changed hands.

Citicorp fell and dealers noted it was a major creditor of Hong Kong-based Peregrine Investments Holdings Ltd., which closed its doors on Monday. First Chicago NBD Corp., another Peregrine creditor, also posted a drop.

"Right now, there's just a lot of uncertainty as in how long, how

U.S. Stocks

severe and how much of an impact the problems overseas will have on our economy," said Bill Meehan, chief market analyst at Cantor Fitzgerald & Co., a brokerage in Danbury, Connecticut.

Stratays fell after the company said fourth-quarter profit would be substantially below estimates, partly because of weak sales in Southeast Asia and Europe.

"I think it's going to take a while to work through," said Andrew Brooks, vice president in charge of equity trading at T. Rowe Price Associates in Baltimore, noting the effect of the Asia crisis on world stocks.

Banks with exposure to overseas economies slipped. J.P. Morgan, Chase Manhattan and BankBoston posted drops.

The head of the German central bank, Hans Tietmeyer, warned that

U.S. Stocks

Western companies would face stiff competition from Asian companies benefiting from a devaluation of their currencies. "We have to be aware that there might be a potential impact from the Asian countries' development," he said in Basel.

"There will be stronger competition for the European countries."

What happens this month is often taken as a signal for what will happen for the year. Since 1950, January's performance—up or down—has accurately predicted the market's course for an entire year 9 out of 10 times.

The bias is usually up, thanks to a torrent of demand from holiday bonuses and annual contributions to retirement plans. But the latest data on mutual funds suggest that many investors are directing capital toward more defensive investments.

(Bloomberg, AP)

These Pirates May Go Public

PITTSBURGH—The Pittsburgh Pirates are considering a public stock offering, which would make them the first Major League Baseball team to offer direct voting shares to the public.

The Pirates are struggling to find ways to raise money to meet escalating player salaries and build a new stadium. Pittsburgh-area voters rejected a tax increase in November 1997 to pay the estimated \$700 million for two new stadiums for the Pirates and Pittsburgh Steelers.

"The stock issue is still preliminary," said Pirates Chief Operating Officer Dick Freeman. "It's still in the real research stage."

Dollar Rises Against Yen As Asian Woes Hurt Japan

NEW YORK—The dollar rose against the yen Monday as plunging Asian stocks and currencies and a report that loan defaults are on the rise in Japan fueled concern the nation would not emerge soon from a six-year economic slump.

The dollar rebounded after falling against the Deutsche mark after the Dow Jones industrial average changed little despite routs in Asian and European stocks.

"Everyone expected the Dow to crash off and it didn't happen," said John Parry, a currency trader at Creditanstalt Bankverein, who expects the dollar to rise to 135 yen in the weeks ahead.

At 4 P.M., the dollar stood at

132.75 yen, after 132.15 yen on Friday, but slipped to 1.8225 Deutsche marks from 1.8229 DM.

The dollar fell earlier against the mark on concern investors would sell U.S. stocks as diving currencies and stock markets in parts of Asia would trim demand in the region for U.S. exports and hurt companies

FOREIGN EXCHANGE

with investments there. International investors selling U.S. stocks often convert their dollar proceeds into other currencies.

Still, the yen has been underpinned by recent speculation that the United States and Japan would join forces and sell dollars to boost Japan's sagging currency.

The speculation began last week, when Eisuke Sakakibara, Japan's deputy finance minister for international affairs, met with U.S. finance officials. Yet no statements or action on exchange rates came after the meetings.

Traders were also soured on the yen after the Ministry of Finance said Monday that Japan's banks were holding 76.7 trillion yen (\$580 billion) in bad or questionable loans, almost three times the figure they reported previously.

Against other currencies, the dollar rose to 6.1030 French francs, from 6.0990 Friday, and to 1.4777 Swiss francs, from 1.4767 francs. The pound was at \$1.6215, after \$1.6127.

Federal-Mogul Agrees to Acquire Fel-Pro

SOUTHFIELD, Michigan—Federal-Mogul Corp. said Monday that it had agreed to acquire Fel-Pro Inc. for \$720 million in cash and stock as it strengthens its presence in the auto parts industry.

Federal-Mogul said it would pay \$495 million in cash and \$225 million in stock for the closely held maker of automobile gaskets. In addition, the company said it would take a pretax restructuring charge of \$15 million to \$20 million.

The transaction, expected to be completed in the first quarter, continues Federal-Mogul's focus on its engine and sealing systems business, along with the planned acquisition of Britain's T&N PLC for \$3 billion in cash and debt.

Fel-Pro, with 1997 sales of \$500 million, employs more than 2,700 workers in 16 locations in four businesses, including gaskets, diesel, chemical products and performance.

Federal-Mogul, with annual sales of about \$2 billion, makes parts for automobiles, trucks, and farm and construction vehicles.

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ASIA/PACIFIC

Hot Sellers in China: Papers That Cater to Consumers

By Erik Eckholm
New York Times Service

BEIJING — In her neat gray turtleneck, metal-frame glasses and black-and-white Swatch watch, Sang Yan, 27, well educated and thoughtful, could easily fit in on Manhattan's Upper West Side. She is stylish and aware, and loves to shop. But her shopping is bittersweet, because she must operate on such a stiff budget. Her job organizing international exhibitions for a government-owned textile company gives her take-home pay that is the equivalent of \$182 a month.

While that is double the wage of most workers and even many college professors, it does not buy many designer shoes.

What Miss Sang does buy twice a week, along with 200,000 other Beijing residents for just 12 cents an

issue, is the glossy, ad-packed newspaper called Fine Goods Shopping Guide. In the last couple of years this tabloid and a similar one called Shopping Guide have become among the hottest-selling items on Beijing newsstands.

They are the purest evidence that a new generation of Chinese has entered the global consumer culture, whether all can afford it or not.

"It's this way," said Wang Xiaojian, 35, who makes a modest living as a marketer of Chinese liquor and is an avid reader of the shopping papers. "We've been exposed to the Western lifestyle now, and we want to enjoy it, too."

These papers avoid the political cant so common in publications here. They include some "service" articles for the modern, upward-climbing urban dweller: how to decorate that small apartment to make it seem bigger, what to do if your mo-

bile phone is dropped into water, what shoes to wear with a white wedding gown, how to buy a car with monthly payments instead of cash.

These tabloids carry cover stories on movie, soccer and rock stars and carry reviews of movies and restaurants and books. But most of all they are a platform for advertising: ads for video compact disk players and notebook computers, for clothes and cosmetics, for apartments and cars, for curtains and lamps and furniture, for exercise bikes and package vacations to Thailand or Europe, even for liposuction and breast enlargement.

Many of the "articles," on close inspection, turn out to have a commercial sponsor.

A gaping generation gap has opened up. Older Chinese who lived through wars and the Cultural Revolution of 1966-76 try to save every penny and cannot imagine spending, say, \$60 for a shirt.

"My parents don't want to buy anything," Miss Sang said. "They want me to send most of my salary to them so they can save it for me. They can't understand how I can spend so much in a month."

Miss Sang, who has a degree in English from a prestigious foreign language institute in Beijing, is married to a freelance film editor.

They have what many consider the ideal arrangement, known as "one family, two systems." Through her job in a state enterprise, they get housing and medical benefits and security, if not much income. His private job offers risk but at least the possibility of real money.

They, too, are living with the bus-ban's parents, but they are about to receive, through her government work unit, a two-room apartment with rent that may be less than \$20 a month.

For now, they are spending most

of their combined income of \$725 a month. But their deep hope, Miss Sang said, is to save enough to buy that apartment, which may cost several thousand dollars. Then they want to have a baby.

Miss Sang fights off feeling guilty about their spending; they are not profligate, she feels sure. She describes a couple she knows who run through \$1,200 a month.

The newspapers that cater to today's consumers took their cue from Deng Xiaoping, the late senior leader, who in 1992 unleashed a campaign leading new impetus to what he called "market socialism."

Late that year, the first of the papers, Shopping Guide, was started. New goods were streaming into the marketplace, and more people had a bit of extra money.

Producers needed a place to advertise, and consumers needed a place to learn about all the new goods," said the newspaper's editor, Zhao Yinong, 37. What more logical place than the Ministry of Light Industry — itself a chief producer of consumer items — to establish a new paper devoted to the art of better consuming.

Investor's Asia				
Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225		
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15000	1750	18500		
13000	1500	17000		
11000	1250	15500		
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7000	750	12500		
1997	1997	1997		
Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong	Hang Seng	8,121.06	8,894.64	-8.70
Singapore	Straits Times	1,073.47	1,176.35	-8.75
Sydney	All Ordinaries	2,542.40	2,603.10	-2.33
Tokyo	Nikkei 225	14,684.44	14,985.10	-2.21
Kuala Lumpur	Composite	477.57	481.60	-0.85
Bangkok	SET	398.17	348.67	+3.00
Seoul	Composite Index	458.20	440.70	+3.92
Taipei	Stock Market Index	7,575.14	7,737.20	-2.08
Manila	PSE	1,532.97	1,518.00	+0.98
Jakarta	Composite Index	350.24	343.97	+1.82
Wellington	NZSE-40	2,212.83	2,269.28	-2.49
Bombay	Sensitive Index	3,395.04	3,530.20	-3.83

Hong Kong Fails To Pull Tourists

By Keith B. Richburg
Washington Post Service

HONG KONG — You could call 80-year-old Chan Mok an unfortunate casualty of free market forces.

For 20 years, Mr. Chan has stood outside the Star Ferry terminal with his red rickshaw, an anachronism from Hong Kong's Suzie Wong days that is out of place in a super-modern city with skyscrapers, luxury cars and a sleek subway system.

He started at 60, sometimes pulling tourists on a short circular route past the stock-exchange towers, but mostly just posing for the kind of "happy snap" photographs that travelers take home as mementos.

It was a good living, and when tourists were plentiful, he could supplement his meager monthly government pension check with about \$100 each day.

But then the tourism industry went into a tailspin, the victim of the declining regional economy, the Asian flu scare, a wave of currency devaluations across Southeast Asia that have made this the most expensive city in the region, and — perhaps most importantly — what some here call a general downturn on Hong Kong after months of hype over its handover last summer to Chinese rule.

Some 792,892 tourists visited in November last year, a drop of 22 percent from November 1996, continuing a downward monthly trend that began after the July 1 handover. Tourism in 1996 was Hong Kong's largest foreign exchange earner, bringing in \$13.4 billion.

With fewer tourists, Mr. Chan is thinking



Chan Mok, 80, a rickshaw driver for 20 years, is thinking of giving up and retiring because of the big downturn in tourism. Only eight rickshaw drivers still operate.

what was once for him the unthinkable: giving up his rickshaw and retiring to his native Guangdong Province in southern China.

"I will leave Hong Kong next year because it's very difficult to make a living," Mr. Chan said. "I think maybe in the next one or two years, there will be no rickshaws in Hong Kong. Life is very difficult." The rickshaw drivers — now numbering about eight, down from 40 when Mr. Chan started — are not the only victims of sluggish tourism.

On tiny Li Yuen Street East, tucked behind the banks and department stores of Queen's Road, the vendors selling Chinese silk and leather handbags also are feeling the pinch. Tourists used to be their best customers, they said.

"Most of us are suffering," said Yeung Yuli, 71, who has been in the same spot for 40 years, selling inexpensive silk neckties with the likenesses of Bart Simpson, Winnie the Pooh, Sylvester the Cat and other cartoon characters.

"This is the worst in 40 years," she said.

Seoul Rally Is Fueled by IMF Chief

SEOUL — The South Korean stock market chalked up a record trading day Monday as hopes that the worst may be over in the country's debt crisis.

Markets were cheered when the Finance Ministry quoted Michael Camdessus, head of the International Monetary Fund, as saying in talks with Finance Minister Lim Chang Yuel in Seoul that South Korea's financial situation had been improving since November.

The ministry statement Monday said Mr. Camdessus had told Mr. Lim that an atmosphere for loan rollovers and support for South Korea had been created in the international financial community.

Mr. Camdessus later told the president-elect, Kim Dae Jung, that the government needed to take the lead and show that it was sharing the pain in order to win the support of labor for the belt-tightening program that accompanied the \$60 billion IMF-led rescue for South Korea, a statement from Mr. Kim's party said.

The president-elect, who is to take office Feb. 25, had asked Mr. Camdessus to help persuade union leaders in accept layoffs.

One labor organization, the Korean Confederation of Trade Unions, has threatened to organize a nationwide strike if Mr. Kim's government goes ahead with revising laws that make it virtually impossible to lay off workers. Other unions also are opposed to an easing of the law.

Brokers said reports that overseas financial institutions had agreed last week to roll over an estimated \$40 billion in short-term South Korean debt that is coming due by the end of March also had boosted stocks.

Seoul's composite stock index closed up 15.42 points, or 3.5 percent, at 456.20. Volume was a record 113.06 million shares.

The won, which has lost about half of its value over the past year, also picked up. As past year, also picked up. As past year, also picked up. As past year, also picked up.

Indonesia's Woes Seen Hurting South Korea

SEOUL — Indonesia's mounting crisis may have drawn the world spotlight away from South Korea, but there is little cause to celebrate in Seoul.

South Korea has been a major investor in Indonesia, and further problems there would simply feed an unresolved financial debacle at home, analysts say.

Analysts estimated Monday that South Korean banks had at least \$9 billion in outstanding loans to Indonesian clients. South Korean contractors, meanwhile, have an order backlog in Indonesia totaling several billion dollars, while South Korean carmakers are involved in projects there in which they have invested tens of millions of dollars.

Talk about the possibility of a debt moratorium and political upheaval in Indonesia, analysts and local media reports said, had raised concern about more financial troubles in South Korea, just when it appeared to be turning the corner on its own crisis.

Y.C. Mok, a banking analyst at ING Barings in Seoul, said Indonesia's problems could seriously affect the ability of some of South Korea's banks to meet capital adequacy ratios set by the Bank for International Settlements. Raising these ratios is a key requirement under the country's \$60 billion IMF-led bailout, and is essential to the banks' ability to operate internationally.

Mr. Mok said that while South Korean banks had been trying to reduce their exposure to Indonesia,

it still totaled about \$9 billion. While the loans were officially classified as performing, Mr. Mok said it was difficult to determine how much of the total was in fact being serviced, adding: "Indonesia has not been so active in making repayments."

Park Joon, head of research at SGT Holdings in Seoul, said the economic meltdown in Asia and a severe downturn at home had already proved catastrophic for the South Korean construction industry. Further problems in Indonesia would simply make matters worse.

"South Korean construction firms have a backlog of \$3 billion to \$4 billion in Indonesia," Mr. Park said. "If they can't receive a return on their investment, it would greatly aggravate their financial situations."

"Already 200 construction firms went bankrupt in 1997," Mr. Park added, "and the overseas market was the only hope for a revival. If this goes wrong there's no way in compensate. I can't imagine what the final result will be for the construction industry."

He said that if Indonesia were to declare a moratorium, it would affect construction investment throughout Southeast Asia.

"If a moratorium were declared many Korean construction companies would go bankrupt," Mr. Park said, "even big ones, it's possible."

Analysts also expressed concern about the effect on South Korea's already troubled Kia Motors Corp., which is involved in Indonesia's national car project.

MICROSOFT: Is the Software Giant Using Its Power to Limit Competition?

Continued from Page 13

Microsoft would not accept any limitations on its right in design new products.

Microsoft sees its crusade in the current case not as arrogance, as its critics charge, but as an uncompromising defense of principle. It is saying that Microsoft alone should be the arbiter of what goes into its products, and how it defines an integrated product.

The company insists that the government's consent-decree case, though narrow in some respects, represents a challenge to the way it does business. At stake, Microsoft contends, is nothing less than who will control innovation in the economy — entrepreneurial companies like Microsoft or Washington and

the courts.

To the Justice Department, the case is not about innovation but about the abuse of market power. The heart of the suit, government officials say, is that Microsoft's Windows operating system and its Internet browser are separate products. By forcing PC makers to bundle Explorer with Windows, they said, Microsoft is using its near-monopoly in operating-system software to restrict competition in the market for Internet browsing software, where its main competitor is Netscape Communications Corp.

"This portion of the consent decree adopts a basic antitrust principle," said Mr. Klein, the antitrust chief. "It prohibits use of monopoly power to beat back a competitor."

In a temporary order Dec. 11,

Judge Thomas Penfield Jackson of the U.S. District Court in Washington ordered the company to come up with a temporary plan for offering PC makers a choice of loading Windows onto their machines with Explorer or without Explorer. A final decision in the case is expected later this year.

Microsoft rivals cheered the December ruling, but it was seen mainly as a moral victory with little impact on the fortunes of the software powerhouse. Because PC makers get Explorer free, few, if any, would choose Windows without Explorer.

Is Microsoft a relentless innovator or a modern monopolist? The current case will not settle that question, but in its thousands of pages of court filings, corporate documents

and e-mail memos, it will add grist for both sides of that debate.

The court documents and interviews do clearly show that from drafting the language of the consent decree in responding to the rise of the Internet, Microsoft has kept one central objective in mind: protecting and extending the reach of its Windows operating-system software, the corporation's crown jewel.

An operating-system program serves as the central nervous system of a computer. More than 80 percent of the world's personal computers run Microsoft's Windows, giving the company a leg up in new markets like Internet software. That is especially true if Microsoft decides, as it has with the browser, that what other companies are selling as a stand-alone product will be an "integrated feature" of Windows for which nothing extra is charged.

That kind of behavior presents a quandary for antitrust policy. The goal of antitrust is to safeguard competitive markets in the interests of consumer welfare. By pulling stand-alone programs into its operating system, Microsoft is giving computer users more product for less money — a consumer benefit.

For nearly two decades, Microsoft has steadily added more and more to its program, from point-and-click icons to facsimile software.

But as its market power has increased over the years, Microsoft has been able to crush competitors — eliminating competition and perhaps innovation, which could harm consumers. Microsoft can crimp competition with the same strategy it employs to help consumers. What were once separate products, markets and profitable businesses for other companies can be pulled in to become "features" of Microsoft's Windows operating program.

NEW YORK: Where the Action in Asia Is Happening

Continued from Page 13

financing, as companies try to get lower rates. That alone could create huge new profits for the securities industry, he said.

But New York's moment as economic ringmaster cannot last, the experts say. Tokyo has been humbled for now, but its banks and other financial institutions are re-

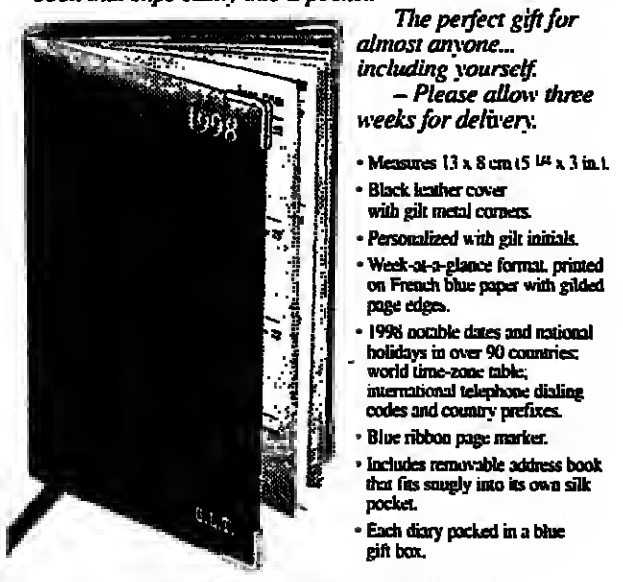
building their strength. London, Paris and Frankfurt have been focused on the internal issues surrounding European economic unification next year, but will probably also re-emerge more aggressively after that. A sale of new South Korean debt would undoubtedly have to involve all the world's markets to be successful, and that will also take the focus off New York.

"I don't see 10 years from now New York being the undisputed global center of the world," said Mr. Bahrenburg at Merrill Lynch. The city may get some disproportionate benefits in the short term, he said. But in the long run, "everyone will win," because a more equalized system of financial capitals means more customers for everybody, he said.

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EUROPE

French Inflation Rate Falls to 42-Year Low

Compiled by Our Staff From Dispatches

PARIS — France's inflation rate fell to a 42-year low in 1997 and is expected to fall further as competition and deregulation force companies to cut costs and pass savings on to consumers, the national statistics agency Insee said Monday.

The government also said the Asian financial crisis would dampen consumer price inflation this year. Prices were unchanged in December from November and rose 1.1 percent from December 1996. The slow growth in prices left the average annual inflation rate for 1997 at 1.2 percent — the lowest it has been since it reached 1 percent in 1955, and down from 2 percent in 1996.

Inflation was pulled lower in December by falling energy and food prices and is expected to remain subdued this year as financial and economic turmoil in Asia pulls prices down worldwide. Growing competition in many industries in Europe, characterized by deregulation and cross-border mergers, high unemployment and weak demand, is also preventing companies from asking consumers to pay more.

The benign outlook for inflation, despite signs of strength in the domestic economy, made it unlikely interest rates would be raised significantly this year, economists said.

They also said while there was a possibility of some price declines this year, fears of a deflationary spiral in prices throughout the economy were overdone.

"It wouldn't take much to tip us over the edge into actual price deflation as far as France is concerned, but while a fall in prices is technically deflation, it does not bring with it the problems of the 1930s," said Stuart Thompson, market economist at Credit Agricole Indosuez. "I don't see it as a major problem for Europe."

In an interview with the business daily *La Tribune*, Louis Schweitzer, chief executive of Renault SA, said: "After a period of 40 years of continuous increases in prices, we are entering into a period of continuous declines."

He said Renault had cut 3,850 francs (\$625) from the cost of making each car and had handed half of the cost cuts to consumers by including what had been optional equipment in the base price of each car.

Now France Telecom SA, Cegedel and other French telephone companies are promising a price war this year, after Europe's telecommunications markets were deregulated Jan. 1. And oil prices, whose decline in December helped bring down the inflation rate, kept falling in January.

French bond yields, responding to the low inflation, have fallen to all-time lows. The yield on 10-year 5.5 percent bonds fell to 5.03 percent Monday, from 5.08 percent Friday, and has fallen 25 basis points in the last week, cutting borrowing costs for the government and companies.

"Inflation in France is very low, and the tendency is for it to go even lower," said Philippe Brossard, an economist at ABN Amro. He said the annual inflation rate could fall to 0.8 percent in the first half of the year.

"Core inflation remains well under control," said David Brickman, an economist at PaineWebber International. "Certainly not the environment in which the Bank of France should be considering raising interest rates."

Among other European countries, prices in November rose an annual 1.9 percent in Germany and 3.7 percent in Britain, and in December they rose 1.5 percent in Italy.

(Bloomberg, Reuters)



Tractor drivers in Italy. (AP Wirephoto)

MILK PROTEST — Tractor drivers in Italy are protesting the Italian government to pick up the tab for their EU fines for exceeding production quotas.

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(Bloomberg, Reuters)

BSkyB Plans Digital TV in 2d Quarter

Bloomberg News

LONDON — British Sky Broadcasting Group PLC, Britain's dominant pay-TV broadcaster, said Monday it was on track to start its digital TV service by the second quarter of 1998 and that "significant volumes" of set-top boxes needed by consumers to see the service would be available in the fourth quarter.

The company, which is 40 percent owned by Rupert Murdoch's News Corp., had planned to start selling 200 channels of digital TV in Britain by the end of last year.

However, Sam Chisholm, BSkyB's chief executive until November, has frequently said he is skeptical about the prospects for digital TV and is concerned about the possibility of the new service taking customers from the company's analog customer base.

After BSkyB delayed the start of its new service, the services planned by rivals British Digital Broadcasting and British cable companies, followed suit.

"Expectations are out as hoped earlier in BSkyB's life," said Malcolm Miller, chief executive of Pace Micro Technology PLC, one of four digital set-top box suppliers to BSkyB. "Digital TV is something that will come but it has not arrived yet in the U.K."

BSkyB declined to comment on a report that it might be forced to fund the initial production of set-top boxes for the digital-television service. The Financial Times reported that the company might have to provide temporary financing to subsidize the retail price of the set-top boxes, because a plan by a related company, British Interactive Broadcasting, to subsidize the boxes, has been delayed after the European Commission decided to investigate it.

BSkyB's shares fell 3.14 percent, to close at 432 pence (\$6.98).

(Bloomberg, Reuters)

Siemens and Motorola Detail Chip Project

Compiled by Our Staff From Dispatches

DRESDEN — Siemens AG and Motorola Inc. said Monday that they expected a new joint development center to yield technology that would sharply increase productivity and reduce costs in the production of computer chips in two to three years.

The companies said they would invest 1.5 billion Deutsche marks (\$822.5 million) to develop technology to produce semiconductors on 300 millimeter wafers, instead of the 200 millimeter wafers now in use.

The larger silicon discs would allow a cost reduction of 30 percent and a 250 percent gain in production.

"This represents a huge improvement," said Hector de J. Ruiz, president of Motorola's semiconductor products sector.

The companies plan to test the technology on a pilot manufacturing line in Dresden and then to transfer it to their other chip plants.

The new center is the third chip operation to be built in Dresden in the past four years. In 1995, Siemens opened a plant in the east German city, and Advanced Micro Devices Inc. is building a facility there.

The Siemens-Motorola plant would employ several hundred workers, and spur the creation of hundreds of other jobs at suppliers, service companies and research firms that are expected to spring up near the new chip plants.

The German government will contribute 187 million DM to the project.

Faced with falling memory-chip prices and growing competition from low-cost Asian rivals, semiconductor makers like Siemens and Motorola are increasingly joining forces. Siemens has a joint venture with Toshiba Corp. International Business Machines Corp., and Motorola to develop 256-megabit DRAM memory chips. Siemens and Motorola also are building a \$1.5 billion chip plant in Richmond, Virginia, which is expected to begin production in early 1998.

(Bloomberg, Reuters)

(Bloomberg, Reuters)

(Bloomberg, Reuters)

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(Bloomberg, Reuters)

Investor's Europe

Exchange	Index	Monday Close	Prev. Close	Change
Amsterdam	AEX	891.95	913.80	-2.30
Brussels	BEL-20	2,404.95	2,443.56	-1.55
Frankfurt	DAX	4,087.28	4,236.94	-3.35
Copenhagen	Stock Market	667.08	689.15	-3.30
Helsinki	HEX General	3,220.43	3,348.23	-3.30
Oulu	OSX	611.95	642.47	-4.20
Lisbon	FTSE 100	5,068.80	5,137.00	-0.70
Madrid	Stock Exchange	645.14	647.10	-0.20
Milan	MBTEL	17633	17680	-0.20
Paris	CAC 40	2,862.54	2,919.81	-1.10
Stockholm	SX 18	3,057.20	3,175.25	-4.20
Vienna	ATX	1,246.18	1,299.21	-2.20
Zurich	SIX	3,781.35	3,893.94	-4.20

Source: Reuters

Investment & Finance

Very briefly:

• Deutsche Bank AG is considering merging its investment banking unit, Deutsche Morgan Grenfell, with its main banking business, sources said, adding that the changes could include dropping the Morgan Grenfell name.

• The Netherlands is not opposed to Italy's entry into Europe's planned monetary union, spokesmen for the government said. A spokesman for Prime Minister Wim Kok said a report in the German magazine, *Der Spiegel*, that the Netherlands would oppose Italy's entry was "absolutely nonsense."

• ABB Asea Brown Boveri Ltd., the Swiss-Swedish conglomerate, plans to restructure its steam-power business in Germany and close its Berlin plant, shedding 865 jobs.

• Tomkins PLC, the diversified British conglomerate with products ranging from Hovis bread to Smith & Wesson handguns, said net profit for the six months to Nov. 1 rose 27 percent, to £141.5 million (\$228.5 million). Sales rose 14 percent, to £246 billion. The company is considering acquisitions of a share-buyback plan to increase its debt-to-equity ratio.

• Skoda Auto AS, the Czech carmaker in which Volkswagen AG holds a majority stake, said 1997 unit sales grew 29 percent, to 336,334 cars.

(Bloomberg, Reuters)

WORLD STOCK MARKETS

Monday, Jan. 12

Prices in local currencies.

High Low Close Prev.

Amsterdam

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Monday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

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Monday's 4 P.M. Close

一、本會為維護會員權益，特訂定本會章程，凡加入本會者，均須遵守。
 二、本會之宗旨，在於促進會員間之交流與合作，共同發展，並維護社會公益。
 三、本會之組織，由會員大會、理事會及監事會組成。
 四、會員大會為本會之最高權力機關，由全體會員組成，行使下列職權：
 (一) 修改章程。
 (二) 選舉及罷免理事、監事。
 (三) 審議預算及決算。
 (四) 審議重要事項。
 五、理事會為本會之執行機關，由理事組成，行使下列職權：
 (一) 執行會員大會之決議。
 (二) 制定及修改內部規章。
 (三) 管理會務。
 六、監事會為本會之監督機關，由監事組成，行使下列職權：
 (一) 監督理事會之執行。
 (二) 審核預算及決算。
 七、本會之經費，由會員會費、捐款及義演收入等項組成。
 八、本會之辦事處設於本市中山路一二三號。
 九、本會之秘書長由理事會聘任，負責處理會務。
 十、本會之財務由會計師審核，並定期向會員大會報告。
 十一、本會之印章，由理事會保管，並定期向會員大會報告。
 十二、本會之決議，應以出席會員之過半數為有效。
 十三、本會之章程，自通過之日起施行。
 十四、本會之章程，得隨時修改，但須經會員大會通過。
 十五、本會之章程，得隨時修改，但須經會員大會通過。

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WORLD ROUNDUP

Ronaldo Is Named
Player of the Year

SOCCER Ronaldo, a striker who plays for Brazil and Inter Milan, was named 1997 World Player of the Year by FIFA, the governing body of world soccer. It was the second successive year he has won the award.

In voting by national team coaches, Ronaldo, 21, was first in 86 of the 121 ballots for a total of 480 points. His compatriot Roberto Carlos, of Real Madrid, was second with 62 points. (AP, Reuters)

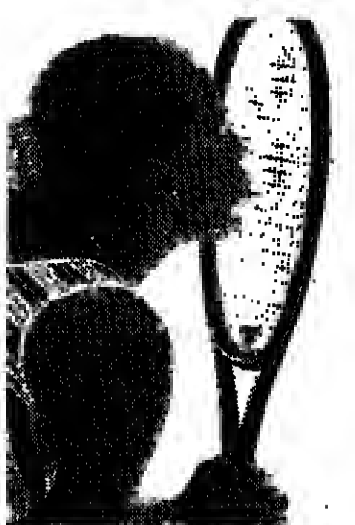
Barcelona Slips Again

SOCCER Barcelona, the Spanish league leader, squandered a two-goal lead in the closing minutes of a match for the second time in six days as it allowed Real Sociedad to gain a 2-2 draw on Sunday.

A week ago, Barcelona let in three goals in the last 11 minutes to lose, 4-3, at Salamanca. On Sunday, Real's Loren scored in the 82d minute and Javi De Paula shortly before the final whistle.

Tomislav Ivic, a Croat, has agreed to coach Iran until the end of the World Cup Finals in France, Croatian media reported.

Ivic, 63, was quoted as saying: "Nothing has been signed yet, but we have agreed on everything. I will coach the Iranian side for the next six months." (Reuters)



Anna Kournikova testing her racket strings during a break.

Spaniards Fall in Sydney

TENNIS Three Spanish seeds fell in the first round of the Sydney international tournament Monday.

Carlos Moya, the No. 3 seed and a finalist last year, lost by 6-7, 6-4, 6-4, to Sweden's Thomas Enqvist in sweltering conditions on center court at White City.

Alex Corretja, seeded No. 5, lost in straight sets to Hendrik Dreekmann, a qualifier from Germany.

Another German, Nicolas Pietrangeli, eliminated fourth-seeded Sergi Bruguera, also in straight sets.

Anna Kournikova, the Russian teenager, made an easy start to her first full year on the professional circuit. Kournikova's first-round opponent, Yuyuk Basuki of Indonesia, withdrew injured during the second set of their match.

Kournikova struggled at the start and fell behind, 1-4. She rallied to win the next five games and take the set, 6-4, and was leading, 3-0, in the second when Basuki succumbed to a back strain. (Reuters)

The Colts Hire Mora

FOOTBALL Jim Mora, who had spent his entire National Football League coaching career with the New Orleans Saints, was named coach of the Indianapolis Colts on Monday. Mora, 62, succeeds Lindy Infante, who was fired after the Colts finished a league-worst 3-13.

Mora was head coach of the Saints from 1986-96 and compiled a 93-78 record, but resigned after a 2-6 start in 1996. He spent two years as a TV commentator. It is the first major move by Bill Polian, who became general manager of the Colts last month. (AP)

Champion Packers to Face Broncos in Super Bowl

Green Bay Tramples San Francisco in the Mud

By Mike Freeman
New York Times Service

SAN FRANCISCO — If the Green Bay Packers' home field advantage is the crunchy chill of a Wisconsin winter, then San Francisco's is El Niño.

It rained all day Sunday and the 49ers park was like a muddy sandbox. The 49ers believed that knowing how to run and cut in puddling would be as much of an advantage as being eliminated to minus-10 degrees. At least that's what they kept telling themselves.

That was theory, this is reality: The Packers are going to Super Bowl XXXII to play the Denver Broncos and defend their title because they are a great team, and they can play anywhere, anytime.

Their 23-10 victory in driving rain and on slippery turf was their fourth consecutive victory over San Francisco — the third in the postseason.

And while the score may not show it, Green Bay dominated the 49ers behind another pinpoint passing performance by Brett Favre, the receiving of Antonio Freeman and dominating defense and special teams that pinned the 49ers deep in their own territory all afternoon. San Francisco's average starting position was inside their own 15-yard line.

"I'm very proud of the performance of the football team under very tough conditions," said Mike Holmgren, the Packers coach whose nine postseason victories tie him with Vince Lombardi.

"I think our defense played an outstanding football game and we kept them off balance. Neither team was going to be real efficient considering the conditions. But our offense was able to get a few things going early."

Indeed, Favre, angered by media talk of how inaccurate he can be in big games as compared with 49ers quarterback Steve Young, was hot early, and Green Bay took a 13-3 halftime lead and never looked back.

The Packers added a Ryan Longwell field goal and 5-yard touchdown run by Dorsey Levens to take a 23-3 fourth quarter lead. Favre finished 16 of 27 for 222 yards and one touchdown and controlled the offense coolly and confidently. "I love playing in big games," he said, "and this was a big game."

Green Bay will be heavily favored against the Broncos, a team they last played two years ago and hammered by 35 points.

"The entire season was pressure packed," said Eugene Robinson, the

Green Bay safety. "There were a lot of questions about us. 'Can we do it again? Are they prima donnas? Are they charlatans? They're going to fall off, just wait, just wait.' We had a lot to prove and we stayed cohesive."

This may have been one of their best performances. In addition to Levens gaining 114 yards on 24 carries, the first time the 49ers gave up more than 100 yards to a runner all year, and Freeman having four catches for 107 yards and a touchdown, the Packers simply shut down San Francisco's offense.

Using a variety of schemes, formations and blitz packages, Green Bay held San Francisco to just 257 total yards and 33 yards rushing. Their only points came on Gary Anderson's 28-yard field goal and a 95-yard kickoff return by Chuck Levy when the game was out of hand.

There were more connections between these two clubs than a family reunion. Steve Mariucci, the San Francisco coach, was the former quarterbacks coach with the Packers and is close friends with Favre, who gave him a consoling hug after the game. Holmgren, born in San Francisco and still part owner of several restaurants in town, was a former offensive coordinator for the team.

All week, both teams talked about how

much they respected one another. Then the game began and, as is custom, both teams tried to pummel one another.

The 49ers began with a distinct disadvantage. Tight end Brent Jones took a fumble before the game for an injured calf. When teams blitz Young, Jones helps to take off the pressure by acting as a safety valve. San Francisco's plan was to use him heavily.

Since Jones played hurt, the 49ers' passing game never kicked into gear. Young was sharp, completing his first 10 passes but a rhythm was missing. Then on his 11th pass, disaster struck.

On third down at the Green Bay 28, Young tried to go to a hobbling Jones, covered tight by Robinson. Young's pass, a bad decision, was intercepted by Robinson, who returned it 58 yards deep into 49ers territory.

Offensively, the Packers continued to be able to move the ball in delicious chunks.

Freeman caught another deep ball, this one for 40 yards with 3 seconds left in the half. The play let the Packers get a field goal before halftime.

In the first half of its last two post-season games against San Francisco, the Packers outscored the 49ers, 55-13. The Packers' game plan this year was simple — go deep, deep, deep. It worked.

Last Stand in a 'Great Career'

By Richard Justice
Washington Post Service

SAN FRANCISCO — Tight end Brent Jones went as he walked off the field at 3Com Park for the final time as a member of the San Francisco 49ers. Jones finished a brilliant 12-year career Sunday, having long since established himself as one of the NFL's best at his position.

Now 34, he announced his retirement several weeks ago, saying the time had come to face the reality of age and injuries.

As San Francisco lost to Green Bay in the National Football Conference championship game, Jones certainly wasn't the only 49er taking off his uniform for the final time.

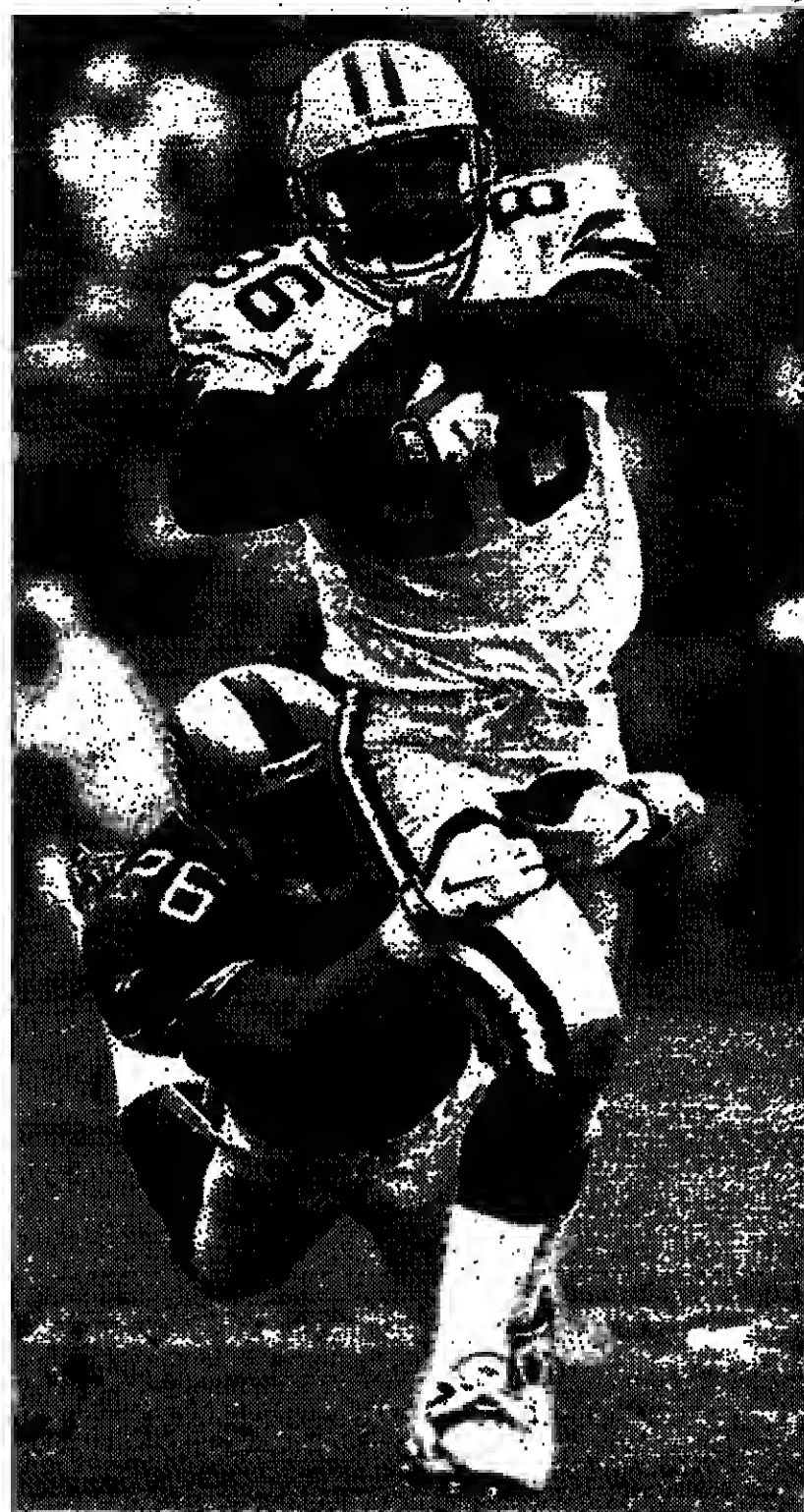
While playoff losses hit every team hard, that is especially true for the 49ers, who begin each season expecting nothing less than a championship.

With the NFL's oldest roster and a payroll \$17 million over the projected 1998 salary cap, the 49ers know that others may follow Jones before the start of training camp.

Center Jesse Sapolin, linebacker Gary Plummer, cornerback Rod Woodson and others don't know their status for 1998. Even quarterback Steve Young is 36 and running out of tomorrow.

Jones paid a high price to play in his final game. He pulled a calf muscle in practice Friday and took at least five painkilling injections to feel good enough to get on the field.

But he did get on the field, and in his final game, caught one pass for 12 yards. "It's tough to realize that it's your last game," Jones said. "Guys from both teams were coming up to me after the game saying, 'Good game and great career.' I kind of lost it a little. I'm going to miss it a lot."



Antonio Freeman of the Packers gathering in a pass for a 33-yard gain.

Stewart Gets a Lesson From 'The Man'

Washington Post Service

PITTSBURGH — Kordell Stewart has always wanted to be like John Elway. He worships the Denver quarterback, and when he refers to him as "The Man" — which he does often — there is an undeniable level of respect in his voice.

Elway finds this flattering. He has seen Stewart show great scrambling ability under pressure. He has seen him complete some almost inconceivable passes. And he has seen the 25-year-old Steeler quarterback, a player he has affectionately referred to as "The Kid," engineer a few comeback drives that can honestly be described as Elway-esque.

"He reminds me of myself," Elway said. "A long time ago."

There is one very important thing, though, that the 37-year-old Elway possesses and Stewart still doesn't: experience. And that made all the difference when the two met in the AFC championship game at Three Rivers Stadium Sunday afternoon.

Stewart made mistakes. He made mistakes that young players have been known to make in big games like this one. He threw into double coverage. He was too aggressive. He was intercepted three times, twice in situations that dramatically affected the game. Elway, meanwhile, was composed, as always. He converted a third-and-6 play in the closing minutes to seal the victory for the Broncos.

"You take chances," Stewart said later, after the Broncos had their 24-21 victory. "I can sit up here and say, 'How in the Sam Hill can I throw that pass, can I throw those interceptions?' But I'm not going to sit here and lose my hair. It happened."

Vantage Point / JENNIFER FREY

The first interception — and the most devastating decision Stewart made in this game — came on second and 2 with the Steelers on the Denver 35-yard line. There were fewer than five minutes left in the first half, and Pittsburgh was leading, 14-10, in part because of a beautiful 33-yard touchdown run by Stewart.

The Steelers decided to take a gamble and go long. Yancey Thigpen went to the end zone. The opening wasn't there. Thigpen was in double coverage. Stewart threw anyway. Ray Crockett intercepted, and before the half expired Elway got the Broncos into the end zone twice for a 24-14 lead. The momentum had swung.

The third interception (the second came in the closing seconds of the first half) was just as ugly. Again, it was second down. The Steelers were five yards from the end zone with an opportunity to cut the Broncos' lead to three points. Denver poured on the pressure. Stewart panicked. This time, there were three Broncos jerseys steps away from Charles Johnson's spot in the end zone. Again, Stewart threw anyway. Allen Aldridge got the pick.

The Steelers closed ranks after this game, defending their young quarterback with as much heart and vigor as they could muster. After all, they said, the Steelers never would have come this far, if Stewart hadn't proven to be an unbelievably quick study at his position. Thigpen vehemently insisted that it would be "unfair to blame the loss on Kordell."

Coach Bill Cowher talked about the future as much as the game that had just

passed. "He'll grow," Cowher said. "There are things that come with time and experience. This is not about him. Hey, we still had our opportunities."

They had opportunities because, in one noteworthy respect, Stewart played this game the way Elway plays football — he refused to believe that he could not stage a comeback, no matter how little time remained, or how large the lead. He put together a 79-yard touchdown drive in less than three minutes in the late stages of the fourth quarter, connecting on seven of eight passes and scrambling for nine yards. That got the Steelers within a field goal of the Broncos.

"You think we're going to have a chance," Stewart said of that moment.

Stewart wanted to be the last-minute miracle man, but that title still belongs to Elway, and in case anyone doubted that, he proved it again. The third-and-6 play that Elway converted came right after the two-minute warning. Forced to think on his feet, Elway turned to Sharpton Sharpe in the huddle and said: "Get open. I'll pivot." Sharpe looked at him like he was insane.

"We don't have that play," Sharpe said to Elway.

"We do now," Elway replied.

Sharpe simply nodded and did what he was told. Seconds later, Elway hit Stewart with an unscripted 18-yard pass. For all intents and purposes, the game was over. Elway had done it again.

"If I had played my best game, we would have won," Stewart said. "Elway — well, John obviously went out there and he played a great game."

SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

W L Pct GB

Miami 21 11 .656

New York 20 15 .571

New Jersey 18 16 .529

Orlando 19 17 .528

Washington 19 18 .514

Boston 16 18 .471

Charlotte 9 23 .281

CENTRAL DIVISION

W L Pct GB

Chicago 22 11 .667

Indiana 22 11 .667

Atlanta 22 12 .647

Cleveland 22 12 .647

Detroit 17 18 .486

Milwaukee 16 19 .457

MINNESOTA TIMBERWOLVES

WESTERN CONFERENCE

NORTHWEST DIVISION

W L Pct GB

Utah 21 11 .656

San Antonio 21 12 .647

Houston 17 15 .529

Dallas 18 17 .514

Denver 16 19 .457

FOOTBALL

NFL PLAYOFFS

CONFERENCE CHAMPIONSHIPS

Denver 24, Pittsburgh 21

Green Bay 23, San Francisco 10

Green Bay and Denver will meet in the Super Bowl on January 25th.

HOCKEY

NHL STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

W L T Pct GB

New Jersey 21 11 .656

Philadelphia 21 12 .647

Washington 21 12 .647

Florida 21 12 .647

N.Y. Rangers 21 12 .647

Tampa Bay 21 12 .647

NORTHWEST DIVISION

W L T Pct GB

Montreal 21 12 .647

Pittsburgh 21 12 .647

Boston 21 12 .647

Ottawa 21 12 .647

Buffalo 21 12 .647

WESTERN CONFERENCE

CENTRAL DIVISION

W L T Pct GB

Dallas 21 12 .647

Detroit 21 12 .647

St. Louis 21 12 .647

Phoenix 21 12 .647

Chicago 21 12 .647

PACIFIC DIVISION

W L T Pct GB

Colorado 21 12 .647

Los Angeles 21 12 .647

Anaheim 21 12 .647

San Jose 21 12 .647

Edmonton 21 12 .647

Calgary 21 12 .647

VANCOUVER CANUCKS

SENIOR HOCKEY

W L T Pct GB

Washington 21 12 .647

Detroit 21 12 .647

First Period: None. Second Period: None.

Third Period: D-Larkin 5 (Murray).

Fellows 2, D-Kozlov 14 (Murray). Shots on goal: 4-2-15-15. D-6-19-14-39, Gledhill W.

Tiger Woods

PETER DINKHOFF

MONDAY, IN CHINA, BANGLADESH

Bangladesh 134 all out (20.3 overs)

Kolkata 126 (24.2 overs)

Result: Pakistan won by nine wickets with one ball to spare.

GOLF

MERCEDES CHAMPIONSHIPS

Leading final round Sunday from the 51.7

Vito 31 Red Bull 29 Red Zanghera 28

Mercedes 27 Orlowski 24 Hocking 23

Mercedes 23 Dapporto 22 Valencia 21

Solomon 21 Campanella 20 Volodina 20

Tennille 18 Spring 12

SWIMMING

WORLD CHAMPIONSHIPS

100 METER FREESTYLE

1. J. Thompson, United States, 54.95

2. Marina Marunova, Slovenia, 55.06

3. Shen Ying, China, 55.18

4. Amy Van Dyken, Germany, 55.23

5. See Ralph, Serbia, 56.48

6. Inge de Bruijn, Netherlands, 56.49

400 METER INDIVIDUAL MEDLEY

1. Chen Yan, China, 4:36.44

2. Yana Klochkova, Ukraine, 4:36.50

3. Yana Klochkova, Ukraine, 4:36.50

4. Wu Yanyan, China, 4:36.50

5. Kristine Quance, United States, 4:42.01

6. Moddy Ciprien, United States, 4:42.01

7. Joanne Malar, Canada, 4:46.91

8. Nadine Horowitz, Australia, 4:48.84

10 METER PLATFORM

1. Olena Zhornitska, Ukraine, 550.41

2. Cai Yanyan, China, 526.52

3. Chen Li, China, 519.45

4. Charlene Mitchell, Australia, 478.29

5. Laura Wilkins, United States, 472.33

6. Arnela Weller, Germany, 472.33

7. Inge de Bruijn, Netherlands, 471.25

8. Erika Heymans, Canada, 465.45

9. Maria Jose Alcazar, Mexico, 447.54

10. Anja Richter, Austria, 424.01

11. Olena Zhornitska, Ukraine, 424.01

12. Inge de Bruijn, Netherlands, 408.81

TRANSITIONS

NATIONAL HOCKEY LEAGUE

LOS ANGELES FLAMINGOS

Recalled D. Jan Vopat from

Utah, IHL.

PHOTO: Recalled G Scott Langford from

Springfield, AHL.

SPORTS

Disabled Golfer Drives to Victory

By Bob Harig
Washington Post Service

LAKELAND, Florida — All Casey Martin wants is a chance. At the Lakeland Classic, the golfer with a debilitating limp showed what he can do when given one.

Martin, riding a golf cart that he says he needs to get around the course, shot a 3-under-par 69 at Grasslands Country Club on Sunday to win the first Nike Tour event of the year.

Whether the win becomes a step toward the PGA Tour, a level above the Nike Tour, will be determined by a federal judge in Eugene, Oregon, who will hear Martin's lawsuit against the PGA Tour beginning Feb. 2.

Until then, Martin can play. On Sunday he did that, and held off Steve Lamontagne by one stroke.

"I'm stunned," said Martin, who won a \$40,500 purse. "I can't believe I won. I know I'm supposed to say I was totally confident coming in, but I wasn't. I had a lot on my mind."

"I think this helps in the public sector. They realize I have a chance to make it some day — and if I don't get a cart, I probably won't."

Martin, 25, suffers from Klippel Trenammy Weber Syndrome, a circulatory disorder. It is a birth defect that slows blood flow to his right foot.

Martin limps, and just getting from his cart to the ball and around the greens takes considerable effort. He said he did not believe his career could continue without a cart. The PGA Tour, which oversees the Nike Tour, does not let golfers use carts in tournament play.

"We congratulate Casey Martin on his win, just as we do the victor in all events," said Tim Finchem, the PGA Tour commissioner, in a statement.

"The fact remains that Mr. Martin participated and won using a golf cart under terms of a court order."

Martin sued the PGA Tour prior to last month's PGA Tour Qualifying Tournament in Haines City, Florida, where he missed his PGA Tour playing card by two shots but earned full privileges on the Nike Tour, golf's minor leagues. He sued and was granted an injunction allowing him to ride a cart for the Qualifying Tournament. The PGA Tour agreed to let him ride in the first two Nike events prior to the trial.

The tour believes it is like any other pro sports league, or a private membership organization, and should be allowed to set rules free from governmental or judicial interference.

Martin's victory created a personal

vs. professional conflict for Tiger Woods, who played with Martin for one year at Stanford.

"As a friend, I'd love to see him get a cart," Woods said. "But from a playing standpoint, is it an advantage? It probably is."

Martin shot 66-69-65-69 to finish at 269, 19 under par.

He began the day tied for the lead with former PGA Tour player Woody Austin, though both needed to complete three holes from a darkness-halted third round. When they completed those holes, Martin was two shots ahead of Austin and three ahead of Lamontagne, who were partners for the final round.

Austin faded with a 74, but Lamontagne shot 67 and pulled within one shot after Martin bogeyed the 15th hole. Martin responded with a birdie at the 16th. But Lamontagne rolled in a birdie putt at the 17th, forcing Martin to make a tricky five-footer for par to stay ahead by one. Both players made par at the 18th.

"I've had so much on my mind, so much media attention," Martin said. "I've never had to deal with so much attention. Maybe I should have this happen more often. I certainly hope this will die down eventually. It's tough, it's draining."

Martin said he didn't expect his victory to change the PGA Tour's stance. He said he is prepared for a long fight and knows the tour likely will appeal if he wins.

"I don't know what the judge will say. I just want to play," Martin said. "I love playing golf. But if I don't have a cart, it's too painful. It's just not worth it. So I'm going to try and survive this."



Casey Martin sitting in his cart after winning the Lakeland Classic.

Mickelson Holds Off 2 Tough Rivals

By Clifton Brown
New York Times Service

CARLSBAD, California — Phil Mickelson needed to be daring. He needed to be confident. He needed all of his shot-making skills. Most of all, he needed birdies.

Tiger Woods was raging around La Costa Resort and Spa, making one of his electrifying charges. Mark O'Meara was matching Woods stroke for stroke.

To keep his lead Sunday in the Mercedes Championship, Mickelson couldn't simply play conservatively. He shot a four-under-par 68 Sunday, to finish on 271, 17 under for the tournament and one stroke better than Woods and O'Meara. David Duval, chasing his fifth straight victory, shot one-over-par, to finish 11 under and tie for sixth place. Woods and O'Meara both shot eight-under-par 64s, the best rounds of the tournament.

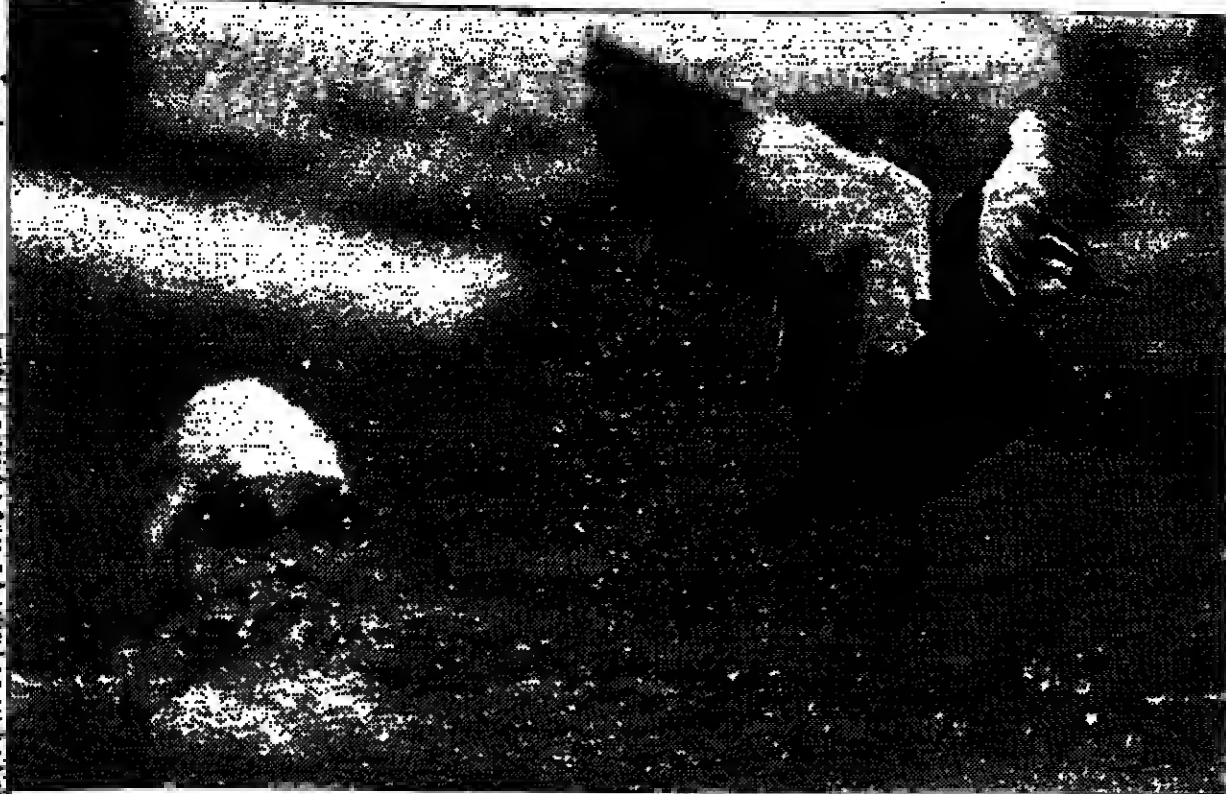
A lesser player, especially with Woods in pursuit, might have folded. Mickelson responded.

"I was right next to the ninth green when Tiger caged No. 9, and I saw him close to within a shot of where I was," he said. "Tiger is one of the best closers on tour."

"My mind-set for the rest of the round changed," Mickelson added. "I needed to attack, make birdies, fire at some pins. Consequently, I made a number of birdies."

Mickelson won \$306,000 and a 1998 Mercedes SL 500. Two weeks ago, Mickelson and his wife, Amy, bought a Mercedes. Sunday's victory gave them a matching set.

"Amy was driving around in car that I thought was too little, so I wanted her to have something safer," said Mickelson. "But when I was writing the check for the Mercedes, Amy said, 'Maybe we should wait another two weeks.' I said, 'Don't put that kind of pressure on me.' Turns out, she was right."



Cerna Hanas of the Czech Republic had company unwinding Monday after a race at the Perth championships.

U.S. Swimmer Snatches Freestyle Gold

The Associated Press

PERTH, Australia — After five Olympic team gold medals, Janey Thompson of the United States finally won one on her own Monday when she finished first in the 100-meter freestyle at the world swimming championships here.

In other finals Monday, Fred Deburghgrave of Belgium, the world record holder and Atlanta gold medalist, won the gold medal in the men's 100-meter breaststroke in one minute, 1.34 seconds, more than a second off his world mark.

Chen Yan of China won the women's 400-meter individual medley, and Michael Klim of Australia won the 200-meter freestyle.

Klim finished in one minute 47.41 seconds, eight-tenths of a second outside the world record of 1:46.69 set in 1989 by Giorgio Lamberti of Italy.

Massi Rosolino of Italy won the silver, nearly a second behind Klim, while Pieter van den Hoogenband of the Netherlands was third.

Thompson was thrilled with her victory. "The time wasn't the greatest, but I'm really happy with the gold medal for our team," she said of her 54.95-second time, well outside Le Jingyi of China's world record of 54.01.

Martina Moravcova of Slovakia was second in 55.09, and Shan Ying of China was third in 55.10.

When asked whether her victory over a Chinese swimmer was any more noteworthy because of the drug scandal facing the Chinese team, Thompson said: "Let's just say that's one clean win."

Though an interpreter, Shan said: "The local media has been unfair to our swim team. It has affected our training and life here. As an athlete I say they've gone too far."

Zeng Qiliang of China was second in the men's 100-meter breaststroke, and Kurt Grote of the United States was third for the bronze.

Earlier, China won a gold medal in the men's three-meter synchronized

dive and took silver and bronze in the 10-meter platform.

Xu Hao and Yu Zhucheng scored 313.50 points in the men's dive debut event while Olena Zhupynna of Ukraine took gold in the 10-meter dive ahead of Cai Yagan and Chen Li of China.

Two other members of the Chinese team tainted by a drug scandal left for home Monday while FINA, the sport's governing body, said it had received the report that will decide their fate. Yuan Yuan, a Chinese swimmer, was caught last week trying to bring a banned growth hormone into Australia.

She and her coach, Zhou Zhewen, face a minimum four-year ban.

World swimming officials said they would double security for a men's water polo semifinal between Croatia and Yugoslavia on Tuesday. Unruly fans have been ejected from matches involving the teams in the preliminary rounds. The two countries did not face each other, but usually played at the same venue on the same day.

turned from injury.

Hawkins 107, Wizards 102 In Washington, Christian Laettner scored 23 points, and Steve Smith had 4 of his 22 in overtime as Atlanta beat the Wizards for the second time in three days.

Rod Strickland had a career-high 37 points, 10 assists and 8 rebounds for the Wizards.

Pistons 113, Clippers 85 In Auburn Hills, Michigan, Grant Hill scored 33 points as Detroit routed the Los Angeles Clippers.

Hill, who set a career high with 15 field goals, also had 10 rebounds and 6 assists. Brent Barry led the Clippers with 17 points.

Heat 96, Grizzlies 90 Alonzo Mourning had 17 points, 15 rebounds and 7 blocks as Miami won in Vancouver, handing the Grizzlies their 10th successive loss.

Tim Hardaway had 20 points and nine assists for the Heat, who won their third consecutive contest. Shareef Abdur-Rahim led Vancouver with 26 points and 10 rebounds.

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Ducks Catch Up Mightily and Fly Past Stars

The Associated Press

The Dallas Stars, the top team in the National Hockey League, led the struggling Anaheim Ducks 1-0 with five minutes to play and lost.

Anaheim scored one in regulation time and then one in overtime for a 2-1 victory on Sunday night. Since Feb. 18,

NHL Roundup

1996, the Stars had not lost in 75 games (winning 65 and tying 10) in which they had led after two periods.

Goaltender Ed Belfour, trying for his league-leading eighth shutout and third in a row against Anaheim, surrendered a goal by Jeff Nielsen with 5:08 left in the third period that tied the game.

Joe Sacco scored with 1:22 left in overtime as the Mighty Ducks rallied to

beat the visiting Stars. Teemu Selanne started the game-winning rush with a pass to Paul Kariya, who carried the puck into the Dallas zone and set up Sacco's seventh goal with a feed in front of the crease.

"I saw Paul with me for a two-on-one, and he saw me going as fast as I could to the net," Sacco said of the winning goal. "It was an incredible pass than landed flat on my tape."

Red Wings 2, Capitals 0 Igor Larionov and Vyacheslav Kozlov scored third-period goals as Detroit ended Washington's three-game winning streak.

Larionov scored on Detroit's 32d shot 6:13 into the third period as the teams were skating 4-on-4. Kozlov added an empty-net goal with 19.3 seconds left.

Flames 6, Lightning 2 Trent Klatt had

two power-play goals and an assist as visiting Philadelphia handed Tampa Bay its fourth straight loss.

Klatt helped break open a 1-1 game by assisting on Rod Brind'Amour's second-period goal at 12:07 and adding his own goal 52 seconds later.

Coyotes 4, Senators 4 Shawn McEachern's second-effort goal with 9:03 remaining in regulation gave visiting Ottawa a tie with Phoenix.

Alexei Yashin, Stan Neckar and Radek Bonk also scored for the Senators, who played an entire game without a penalty for the first time in their six-year history.

Ottawa forced overtime when McEachern pounced on the rebound of his own shot and backhanded it past Coyotes goaltender Nikolai Khabibulin for his 15th goal.

NBA's Best Both Come Up Short

The Associated Press

The two teams with the best records in the National Basketball Association both lost on the same night.

The Seattle SuperSonics, had their eight-game winning streak snapped by the New York Knicks, 92-91, and the Los Angeles Lakers lost to the Charlotte Hornets, 98-93.

The Sonics, who have a league-best 29-7 record, missed two potential game-winning shots in the closing seconds at Madison Square Garden on Sunday.

Larry Johnson scored 20 points, Allan Houston had 19 and John Starks 15 as New York halted Seattle's eight-game road winning streak.

Hornets 98, Lakers 93 David Wesley scored 23 points and Anthony Mason had 7 of his 22 in the fourth quarter as Charlotte won in Los Angeles.

Shaquille O'Neal had 32 points and 13 rebounds, but the Lakers lost for the second time in six games since he re-

turned from injury.

Hawkins 107, Wizards 102 In Washington, Christian Laettner scored 23 points, and Steve Smith had 4 of his 22 in overtime as Atlanta beat the Wizards for the second time in three days.

Rod Strickland had a career-high 37 points, 10 assists and 8 rebounds for the Wizards.

Pistons 113, Clippers 85 In Auburn Hills, Michigan, Grant Hill scored 33 points as Detroit routed the Los Angeles Clippers.

Hill, who set a career high with 15 field goals, also had 10 rebounds and 6 assists. Brent Barry led the Clippers with 17 points.

Heat 96, Grizzlies 90 Alonzo Mourning had 17 points, 15 rebounds and 7 blocks as Miami won in Vancouver, handing the Grizzlies their 10th successive loss.

Tim Hardaway had 20 points and nine assists for the Heat, who won their third consecutive contest. Shareef Abdur-Rahim led Vancouver with 26 points and 10 rebounds.

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Buck Williams of the Knicks going up to block a shot by Hersey Hawkins of the SuperSonics.

DENNIS THE MENACE

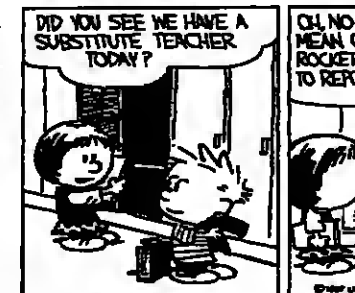


"MUCH TOO LATE, JUST PUT ONE END IN YOUR MOUTH, AND WHISTLE BACKWARDS."

PEANUTS



CALVIN AND HOBBES



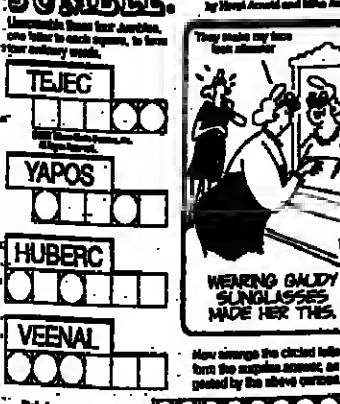
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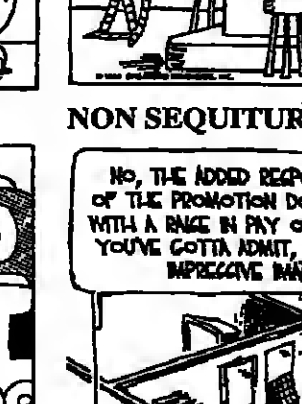
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ART BUCHWALD

Defense Motions

WASHINGTON — Not all lawyers are making a bundle. Several hundred criminal defense lawyers in Maryland are fishing for new business by sending mailings to people wanted by the police. Some of the suspects get solicitations from the lawyers before they get arrested by the law.



The lawyers get the address by hiring a company to search in computerized lists for arrest notices. The law firms then send the suspects a letter offering their services.

According to Phillip Pan and Katherine Shave, reporters for The Washington Post, which makes this story believable, Prince Georges County has documented cases this year of legal solicitation of people accused of violent crimes.

In Maryland the lists of people are public, but sometimes the suspects do not know a warrant is out for their arrest.

The lawyers must make their letters believable and appealing. Here are a couple that might attract some business:

Dear Louie,
We understand that you are on the 10 Most Wanted List in Maryland for robbing three banks and the payroll of the Annapolis Naval Academy. This case is right up our alley. Before you hire an inept lawyer, come to Skull, Skull and Bones. We can plea-bargain you down to driving with an expired license and throwing trash on the tracks of the Baltimore railroad station. Our successful cases speak

for themselves. Three Fingers Muldoon, who wiped out 12 members of the Luchese gang, is now doing community service at the Baltimore Orioles' baseball park. Dean Quick, who stole \$20 million from the Maryland Crabcake Foundation, was defended by us, and after we made our case Dean was given a Life Achievement Award by the Chesapeake Bay Hall of Fame.

The charges against you are serious, Louie. That is why we have enclosed a self-addressed envelope. Let us make 1998 a year when justice for you was served.

Hiding out in Rio de Janeiro with two girlfriends is only a temporary answer to your problem.

Sincerely,
Harry Skull

Dear Mr. Holster,
Congratulations on embezzling \$3 million from your health insurance company. Apparently the district attorney has decided to prosecute you, and you will need all the defense you can get. Our strategy, if you let us represent you, is that you were taking Prozac and didn't know what you were doing. We believe with the right jury we can get you off without doing any time and, at the worst, reduce your fine to \$10,000.

Our firm specializes in representing people wrongly or rightly accused of stealing other people's money.

If you take advantage of our winter sale we will throw in the first 25 hours free. Call us now before you get indicted. You possibly did wrong, but the power-grubbing prosecutors have to prove it.

Cheers,
Charley Bones
Harvard, 1979

Heirs Claim Art Lost to Nazis in Amsterdam

By Alan Riding
New York Times Service

AMSTERDAM — Jacques Goudstikker, a leading art dealer in prewar Amsterdam, was one of many wealthy Jewish collectors whose artworks were seized by Nazi Germany in the early 1940s. But unlike, say, the Rothschilds and David-Weills of France, who recovered most of their belongings after the war, Goudstikker's collection was never reconstituted. By the mid-1950s, it was as if he had never existed.

After the revelations of Switzerland's secret retention of Nazi gold, interest has been stirred throughout Europe and the United States in the destiny of other Jewish property seized by the Nazis, including two paintings by the Austrian Expressionist Egon Schiele that have been detained in New York.

Now questions are being asked here about the whereabouts of the valuable Goudstikker collection. And the answers are proving embarrassing. Most of the paintings disappeared, and the rest hang in Dutch museums.

Still more disconcerting to many Dutch, Goudstikker's heirs have discovered that locating artworks taken by the Nazis is no guarantee of repossession. The Dutch government has rejected the claim — and even an offer of a settlement — by the heirs, arguing that it alone is the rightful owner of the collection. And now the heirs are going to court to try to recover their lost legacy. A solution may be years away.

For other Jewish families looking for missing artwork, the Goudstikker case serves as a warning of legal obstacles that may lie ahead. Some pieces lost in this diaspora were hastily sold by their Jewish owners, and many confiscated artworks were sold by the Nazis or were later seized by the Soviet Army. Jewish heirs can expect to find museums, and governments, reluctant to surrender paintings bought on the open market or, in Moscow's case, seized as war booty.

In the dispute over the ownership of the two paintings by Schiele, which were part of a major exhibition at the Museum of Modern Art in New York, the heirs to the prewar Jewish owners are demanding their return from an Austrian government-financed museum that claims them.

Among such disputes, the Goudstikker case in the Netherlands is typically complex, yet it stands out, not for what happened during the war, but after the Allied victory; not because the collection was coveted by none other than Hermann Goering, Hitler's air force chief and an avid art collector, but because of the response of Dutch authorities in the late 1940s and early '50s, and again today.

Goudstikker was carrying little more than a black book detailing his gallery's fine collection of Old Masters and other artworks when he fled Amsterdam on the night of May 14, 1940. With Nazi forces sweeping north through the Netherlands, he, his wife and their 3-year-old son boarded one of the last ships to leave for Britain before German troops occupied the Dutch coast.

Had he survived, he would have been glad that he fled: during the next five years, 75 percent of the 140,000 Jews remaining in the Netherlands died in Nazi camps. But just 24 hours after leaving Amsterdam, as he walked the blacked-out deck of the S.S. Bodegraven, the 42-year-old dealer fell into an open hold and died. He was buried in Britain, and his 28-year-old widow, Desiree, and son, Eduard, took refuge in the United States.

Goudstikker's collection, which comprised 1,208 paintings, including works by Rembrandt, Goya and Giotto, was soon dispersed. On July 13, 1940, Goering bought 779 paintings, albeit keeping only the best of these for his private museum, Carinhall.



The Amsterdam building where Jacques Goudstikker had his art gallery.

His German agent, Alois Miedl, purchased the rest of Goudstikker's property. By late summer 1940, the Kunsthandel J. Goudstikker NV, as the Amsterdam art gallery was known, had been liquidated on orders of Miedl.

After the war, most of the collection was never found. More surprisingly, the 300 or so paintings recovered by the Allies and returned to the Netherlands were not returned to Goudstikker's Austrian-born widow. Rather, apparently eager to enrich its own museum collections, the Dutch government created many difficulties for her. Finally, in 1952, wanting to get on with her life (she had remarried after the war) and resume her singing career, she reluctantly

dropped her claim to the paintings. In the decades that followed, Jacques Goudstikker's name faded into the past. His mother, Emily Goudstikker-Sellisberger, who survived the German occupation of the Netherlands, died in 1954.

Desiree and Eduard took the surname of her second husband, August E.D. von Saher, and all are now dead. Today, 160 of Goudstikker's paintings hang in 17 Dutch museums without any reference to their provenance. (Another 120 to 150 paintings of lesser quality were auctioned off by the government after 1949.)

Then, early last summer, with a new generation of historians and journalists probing the past in the wake of the reports of the Nazi gold,

Gerard Aalders, a researcher at the Netherlands National War Documentation Institute, pointed out "oddities" in the Goudstikker case to a Dutch reporter, Pieter den Hollander of the daily *Algemeen Dagblad*. Den Hollander began his own investigation and was soon convinced that an injustice had been done. He tracked down Goudstikker's heir, Eduard von Saher's widow, Marti, in Greenwich, Connecticut, and briefed her.

For Mrs. von Saher, 53, and her two daughters, Chantal and Charlene, it was a revelation: Eduard von Saher and his mother had rarely mentioned the Goudstikker legacy. But the evidence seemed persuasive.

Den Hollander's news articles on the subject also awakened public interest here. Finally, in October, Mrs. von Saher contacted the Dutch government to obtain some financial compensation and recognition of Goudstikker's role as a collector. In November, she was rebuffed.

"I still have no intention of taking the paintings out of the museums," she said during a recent visit to Amsterdam, where she saw seven paintings from the Goudstikker collection in the Rijksmuseum. "But people don't know they belonged to Jacques Goudstikker. Perhaps there should be a special museum or room with all his paintings so he can be given some credit. And I think that somewhere along the line there should be some compensation."

At the heart of the court case she plans to bring against the Dutch government is the question of whether bureaucratic and judicial decisions made during or immediately after the war can pass the test of time. "Seen through today's eyes, was what was done moral or immoral?" she asked. "I think people are looking at things differently today."

BOOKS

Zoe Valdes on the Paradise of Nothing

By Larry Rohter
New York Times Service

MIAMI — Five years ago, when she was still living in Havana and working at a magazine that had ceased publishing because there was no longer paper to print it, Zoe Valdes mentioned to a friend that with so much time on her hands, she was writing a novel. The title, she told him, was "La Nada Cotidiana" — a literal translation of which might be "The Nothingness of Daily Life."

"If you're going to call it that, I don't even want to bother to read it," she recalls her friend saying. "With that title, it will never see the light of day."

But Valdes persisted; when she finished, one copy of her manuscript was smuggled out of Cuba on a raft heading for Miami, another by a French journalist returning to Paris.

The author herself left for France early in 1995, and in short order the novel was not only published in Spanish and French under the title she had chosen, but also, to her surprise and delight, became a best-seller in both languages.

Recently published in English as "Yocandra in the Paradise of Nada," Valdes's novel begins with the words, "She comes from an island that had wanted to build paradise," and goes on to paint a devastating portrait of life in Cuba during "the special period." That is the official euphemism for the regime of austerity and privation that followed the collapse of the Soviet bloc in 1989 and that still frames the lives of a generation of disillusioned Cubans. Valdes's generation, who were raised to be model revolutionaries.

Like Valdes, Yocandra, the heroine of the book, was born on May 2, 1959, during the initial euphoria that followed Fidel Castro's rise to power. She also works at a magazine that has stopped publishing, and watches bitterly as her friends depart Cuba aboard flimsy rafts or through opportunistic marriages to foreigners, leaving her to scrounge for food and powder her fate in a decaying apartment building in Old Havana.

"I was born asphyxiated, and I still lack air to breathe," Yocandra muses at one juncture. Cuba, she reflects at another point, is a country of countless "meetings, general assemblies, popular assemblies, at which the same old idiosyncrasy is always discussed."

It is a country in which there is a shortage even of shame, because "how can you have shame if there isn't any deodorant, nor even a sweet potato or any tenderness."

This was a book written out of rage and anger and pain," Valdes said in an interview during a recent visit here from Paris, where she now lives with her husband and young daughter.

She was participating in the Miami Book Fair and visiting relatives and friends. "I was writing during the worst moment in the history of Cuba, and when I read it now I still feel that same pain."

But it is not only the political content of Valdes's writing that has enraged the Cuban authorities and led to a de facto



Author Valdes portrays Cuba in that "special period" of austerity.

ban on her entire body of work, which includes novels, poetry and short stories. Using the slang and cadences of the Havana streets, she also writes with a frankness about sexual matters that, by the strait-laced standards of the Cuban Revolution, is considered politically unacceptable for an educated woman.

It is tempting, Valdes acknowledged, to blame traditional Latin American machismo for the negative official response to those passages. But she argues that a totalitarian state system, a suspicion and intolerance of any activity beyond official control, is a more persuasive explanation.

"In Cuba, the sexual act, the moment of orgasm, is the only time that one is truly free," she maintains.

Her emphasis on the interior life of her characters, especially their sexual experiences, has led more than one Spanish-language critic to describe Valdes as "our *Anais Nin*," a comparison that she said "honors me."

But that same characteristic has also given the Cuban government a weapon to alienate her from exiles who share her disdain for Castro and might otherwise be attracted to her fiction.

"They are always talking about the coarse Zoe Valdes, the crude Zoe Valdes," she explained. "In that way, the Cuban state can discredit me here."

Some Cuban exiles are even more conservative on moral issues than their counterparts on the island and take offense at her graphic, rapturous descriptions of sex and lovemaking.

Alejandro Armengol, a critic for *El Nuevo Herald*, a Miami newspaper, dismissed Valdes last year as "the Madonna of Cuban literature, with an equal capacity to transform self-assur-

ance and the grotesque into spectacle, to show vulgarity and eroticism stripped of any mystery." Her novels, he said, reek of "opportunism" and "uncouth prose" and are aimed chiefly at "Europeans in search of the exotic" and "collectors of decadence the world over."

In response, Valdes said: "Look, literature is subversive in any society, capable of provoking insults and controversy, but it is not my intent to scandalize. It's just that sensuality is essential to Cuban culture. It's in our music, it's in the way we talk, in the way we walk in the street, even in the way we eat and in our palate, with our liking for food that is sweet and salty."

Since the appearance of "La Nada Cotidiana," Valdes has enhanced her reputation as a picaresque writer with the publication in Europe and Latin America of four more novels. The most successful has been "De Ti la Vida Entera," or "I Gave You My Whole Life," a portrait of the Havana demimonde in the years before the Revolution; the most recent, "Café Nostalgia," is a study of the lives and loves of a group of cosmopolitan young Cubans scattered into exile all around the world.

Even though her formal connections with Cuba have been all but severed, Valdes continues to cultivate a Cuban ambience around her. She has held on to her *libreta*, the ration book supplied to all Cubans, and in the writing room of her apartment in Paris the walls are adorned with Roman Catholic images of St. Lazarus and the Virgin Mary that are also important in santería.

"Some day I hope to be able to open a newspaper and go right by the page that talks of Cuba, and to be able to write of other things, of other truths and lies," she said. "But that day has not yet arrived, I'm afraid."

PEOPLE

AN American sculptor who works in the deserts of Arizona has won the \$100,000 Wolf Prize for the arts. James Turrell, of Flagstaff, was honored for his "highly individualist imagery, which is a spiritualized synthesis of form and light in seemingly infinite space," the prize committee said. Turrell's major work is an interactive sculpture and observatory he calls a "celestial theater" that he is building at Roden Crater, an extinct volcano in the Painted Desert in Arizona. The Wolf prizes are given annually for outstanding achievements in physics, chemistry, medicine, agriculture, mathematics and the arts. President Ezer Weizman of Israel will present the awards in Jerusalem in May.

France on Monday honored four British directors and a British actor. The Oscar-winning actor Jeremy Irons and the directors Mike Leigh, Stephen Frears, Peter Greenaway and Michael Radford were made officers of the order of arts and letters by Culture Minister Catherine Trautmann. Leigh, whose quirky films have been big winners at the Cannes film festival, was upbeat about the British film industry as he accepted his award at the French ambassador's residence in London. "Things are looking positive. It is healthier," said Leigh, nominated for five Oscars for his "Secrets and Lies." "We all have to struggle with the long arm of Hollywood, its shadow, its interference. Our job is not to genuflect." Irons, who won a 1991 Oscar for "Reversal of Fortune," cited the international success of the British comedies "The Full Monty" and "Four Weddings and a Funeral" as proof that offbeat, individualistic films could make money. "The Americans think we are arty-farty," Irons said. "I believe in regeneration, not the treadmill." But Frears, who has just completed his first western, with Woody Harrelson in the starring role, said there was no point in carping about Hollywood as the world leader in film entertainment.

A colorful flotilla of more than 100 sail and motor vessels paid homage to the late French oceanographer Jacques Cousteau in Uruguay. The fleet sailed 12 miles (about 20 kilometers) from Punta del Este past Punta Ballena, where a plaque was unveiled in honor of Cousteau, who died June 25. The homage was organized by a Uruguayan painter, Carlos Paz Vilario, to coincide with the



Paz Vilario, right, with Gregory Konrbanis, member of Cousteau's team. second anniversary of the sinking of Cousteau's research vessel, Calypso, in Singapore.

Prince Ernst August of Hannover attacked a television journalist who confronted him as he and his companion, Princess Caroline of Monaco, were leaving a weekend fund-raising dinner, the police in Hannover said. They said that the journalist suffered a broken nose and face and head injuries and that Ernst August said he had acted because his privacy was being threatened. The fundraiser, for the benefit of an international foundation for biology, neurosurgery and neural illnesses, was being held on property belonging to the prince. But the journalist claimed he was not on the prince's property, but waiting outside, when he was set upon.

Darlene Conley of "The Bold and the Beautiful" is proud to be the first American soap opera star to be immortalized in wax at Madame Tussaud's museum in London. "The museum called and said they couldn't think of anybody more instantly recognizable

Dinosaur bones will be taking a ride on the space shuttle. The retired astronaut Jay Apt, now director of the Carnegie Museum of Natural History in Pittsburgh, offered a 214-million-year-old coelophysis skull to NASA for the mission of the space shuttle Atlantis, which lifts off Jan. 22. "This remarkable opportunity to marry the Earth's history with humankind's future is what the Museum of Natural History is all about," Apt said. The skull is included among several lightweight items taken on each shuttle flight.

After the blockbuster film "Titanic," another version of the 1912 tragedy is soon to open in Paris. An opera director whose father and grandfather were on board the Titanic is staging a musical of the sinking at the small Tambour Royal theater. Elisabeth Navratil's father, Michel, was 4 when the liner sank in the Atlantic. His 2-year-old brother also survived, but his father drowned. Navratil's musical runs from Jan. 22 to March 1.

Oprah and Tim Allen Top People's Choice Awards

The Associated Press

SANTA MONICA, California — The comedian Tim Allen and the syndicated talk show host Oprah Winfrey were named the best TV series performers at the People's Choice Awards ceremony. Also honored were country singer Garth Brooks, male musical performer Kirstie Alley, actress in a new TV series in "Veronica's Closet," and Harrison Ford and Julia Roberts for best actor and best actress in a motion picture. "Liar Liar" was selected as the best motion picture comedy and "Jerry Maguire" was named best movie drama.

"ER" was the best TV drama series and "Seinfeld" was chosen as the best TV comedy series.

The show was hosted by the actor Ray Romano and the singer Reba McEntire, who shared the female musical performer award with Whitney Houston.

A special tribute honored the actress-comedian Whoopi Goldberg, whose 20-year entertainment career includes more than 20 films, five seasons on the television series "Star Trek: The Next Generation," and co-hosting HBO's "Comic Relief," which has raised millions for the homeless.

Winners were chosen by a Gallup Poll representing Americans, 12 and older, rather than by industry peer groups as with other entertainment awards. The 24th annual event was broadcast Sunday.



Oprah Winfrey with her People's Choice award.